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NETHERLANDS INDIA

A Study of Plural Economy

J. S. Furnivall

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Netherlands India

A classic study of the subject and one of the major works in English on Dutch colonialism in Indonesia, Furnivall's magisterial history was published on the brink of the Second World War when Dutch power was waning in the archipelago. This study traces the economic and social development of Netherlands India from the arrival of the Dutch to 1939. It illustrates the geographical, economic and social features of the colony, and how Dutch and native Indonesian inhabitants co-existed within a unique, now lost, society and culture. Furnivall (1878-1960) served as a British colonial administrator in Burma for many years, and went on to become Professor of Burmese Studies at Cambridge University. The breadth and scope of this book make it an often cited and influential book in southeast Asian studies to this day.

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J. S. Furnivall

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NETHERLANDS INDIA

NETHERLANDS INDIA

A Study of Plural Economy

by

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with an Introduction by

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Governor-General of Netherlands India
1926–31

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To

H. B.

In grateful acknowledgment of *prentah aloes*,
without which this work might never have
been finished

INTRODUCTION

WITH great pleasure I comply with the request that I should write a few lines of introduction to this remarkable book. For indeed this book fully deserves to be called a remarkable book.

As is proved by the "Index of References" towards the end of the book, especially in the last three decennia in ever-increasing number and in great variety, books on Netherlands-India have been published, both by foreign and by Dutch authors: purely scientific books and so-called popular books, books giving a general survey of the conditions prevailing in the Dutch East Indies and books treating of special chapters in various fields. I have read most of them, but seldom have I enjoyed and appreciated a book as much as I did when perusing Mr Furnivall's work. Time failed me to make a more careful study of the details, but my general impression is that the author has succeeded in a wonderful way in giving a concise treatise of the political, social and economic history and development of that part of the Tropical Far East that has been for more than three centuries under Dutch sovereignty.

The structure of the book proves that the author is a scientist familiar with scientific methods and still nowhere does the scientific character weigh heavily on the mind of the non-scientific reader. Here an earnest man, well prepared for the task he undertook by many years of practice in colonial administration, after having made a lengthy study *in loco*, the results whereof he verified by a painstaking study of the references available in libraries, has felt himself called to draw the attention of all those who are interested in colonial problems to one of the oldest colonial administrations in the Far East in order that other administrations might learn from the failures and the achievements of the Dutch. What I appreciate perhaps

most of all in Mr Furnivall's study is the impartiality that is salient on every page of his book. Therefore I pay him my genuine compliments; nowhere in his book has he yielded to the natural and human seduction of seeing the merits of the systems and methods of the administration whereto he once belonged himself in a brighter light than those of a foreign administration.

Having spent myself the greatest and best part of my life in the Dutch colonial service and having pawned my heart to the welfare of the Dutch East Indies and the people over there, I feel grateful to Mr Furnivall for his elaborate study, and I feel fully justified in strongly recommending this book not only to English students but also to Dutch students who can only profit by the objective remarks of a well-qualified foreign observer.

DE GRAEFF

The Hague
20 *June* 1938

CONTENTS

INTRODUCTION *page* vii
BY JHR MR. A. C. D. DE GRAEFF
TERRITORIAL DIVISIONS xiii
AUTHOR'S PREFACE xv
LIST OF GENERAL REFERENCES xix
GLOSSARY xxi
MEASURES AND CURRENCY xxiii

Chapter I. INDONESIA, TO 1600 *page* 1

1. Geography, 1. 2. Political Geography, 2. 3. Peoples, 4. 4. Indonesian Culture and Tenures, 4. 5. Hindus and Chinese, 6. 6. Majapahit, Economic Progress and Social Economy, 9. 7. Moslems and Portuguese, 14. References and Notes, 19.

Chapter II. THE EAST INDIA COMPANY, 1600–1800 *page* 20

1. The Coming of the Dutch, 20. 2. Formation of the East India Company, 21. 3. Establishment of Dutch Supremacy, 25. 4. Territorial Expansion: over the Archipelago, and over Java, 31. 5. Organization: General, Judicial, the Coffee-Sergeants, 33. 6. Revenue: Trade, Tribute and Taxes, 37. 7. Economic Policy, 38. 8. Economic Progress: in the Spice Islands, and in Java, 41. 9. Social Economy, 43. 10. The Chinese, 45. 11. Fall of the Company: Comparison with the English East India Company, 48. References and Notes, 52.

Chapter III. THE YEARS OF CONFUSION, 1795–1815 *page* 54

1. The Revolution: Sequel in Holland, and in the Colonies, 54. 2. Colonial Reform: The Report of 1795, the Report and Charter of 1803, the *Regeringsreglement* of 1806, 56. 3. Daendels: Instructions, and Administrative Reforms, 64. 4. Raffles: General Administration, Judicial System, Revenue System, Miscellaneous Reforms, Economic Progress, Achievements, 67. References and Notes, 78.

Chapter IV. THE YEARS OF UNCERTAINTY, 1815–1830 *page* 80

1. The Dutch in 1815, 80. 2. Liberalism in 1815, 81. 3. The New Constitution, 82. 4. The Restoration of the Colonies: Policy of William I, *Regeringsreglement* of 1815, 83. 5. The Policy of the Commissioners: Conditions in India, Muntinghe's Note of 1817, Adoption of the Land Revenue System, 85. 6. The *Regeringsreglement* of 1818: Administrative System, Judicial System, Miscellaneous Reforms, 87. 7. Principles of Dutch Administration, 89. 8. Economic Policy, 92. 9. Economic Progress, 1815–24, 94. 10. Foundation of the *Nederlandsche Handelmaatschappij*, 97. 11. The End of Raffles' Experiment, 98. 12. Du Bus: Report of 1827, Measures of Reform, *Regeringsreglement* of 1827, 100. 13. Economic Progress, 1825–30, 103. 14. Social Economy, 106. 15. Van den Bosch: Note of 1829, Economic Plan, 108. 16. The *Regeringsreglement* of 1830, 112. References and Notes, 113.

Chapter V. THE CULTURE SYSTEM, 1830–1850 *page* 115

1. The Theory of the Culture System, 115. 2. Economic Policy, 119. 3. Administrative Policy: *Regeringsreglement* of 1836, *Inlandsch Reglement* of 1848, the *Vergadering*, the Controleur, the Constitution in 1848, 122. 4. Economic Progress: (*a*) Production, 127; (*b*) Science and Capital, 127; (*c*) Communications and Shipping, 128; (*d*) Commerce and the N.H.M., 129; (*e*) Currency, 131; (*f*) Revenue and Expenditure, 132; (*g*) The *Batig Slot*, 134. 5. Social Economy: (*a*) Native, 135; (*b*) European and Chinese, 141. 6. The Culture System and the Netherlands, 144. 7. Review of the Culture System, 145. References and Notes, 146.

Chapter VI. THE TRANSITION TO LIBERALISM, 1850–1870 *page* 148

1. Fall of Van den Bosch, 1840, 148. 2. Fall of Baud, 152. 3. The Fundamental Law of 1848: Thorbecke, Van Hoëvell, Colonial Policy, 154. 4. The *Regeringsreglement* of 1854: The Rule of Law, Compromise on Principles, 157. 5. The Colonial Opposition: Currency Law, Press Law, *Max Havelaar*, Van de Putte, 159. 6. Liberalism Triumphant: Accounts Law of 1864, Problems and Policies, Agrarian Law of 1870, Sugar Law of 1870, the Tariff, 162. 7. The Transition in India: Opening up to Capital, Reforms of Culture System, Abolition of Monopolies, 166. 8. Economic Progress: (*a*) Production, 167; (*b*) Banking, 169; (*c*) Commerce, 170; (*d*) Revenue, 172. References and Notes, 173.

Chapter VII. LIBERALISM, 1870–1900 *page* 174

1. The Economic Environment, 174. 2. Economic Policy, 174. 3. Political Relations with the Outer Provinces, 176. 4. Land Policy: *Erfpacht*, Land-hire, Native Tenures, Conversion, 178. 5. Labour Policy: Slavery, Importation of Coolies under Penal Sanction, Compulsory Cultivation, Other Compulsory Labour, *Pantjendiensten*, *Heerendiensten*, *Desadiensten*, 181. 6. Administrative Policy: The Administrative Reorganization of 1874, Changes in Character and Functions of Officials, 187. 7. Economic Progress: (*a*) Agricultural Enterprise, 195; (*b*) The Financing of Production, 196; (*c*) Improvements in Production: Irrigation, Organization and Technique, 199; (*d*) Forests, 201; (*e*) Mines, 202; (*f*) Communications, General and Postal, 203; (*g*) Shipping and Harbours, 205; (*h*) Commerce, 207; (*i*) State Finance, 208; (*j*) The *Batig Slot*, 210. 8. Social Economy: (*a*) European, 212; (*b*) Chinese, 213; (*c*) Native, 214; (*d*) Village Institutions, 216; (*e*) Reconstruction, Education and Missionaries, 218. 9. Review of Liberalism, 222. References and Notes, 223.

Chapter VIII. EFFICIENCY, WELFARE AND AUTONOMY *page* 225

1. The New Colonial World: Decentralization, with a view to Expansion, Efficiency and Welfare, advocated by non-officials and officials in India, and among all classes and all political parties in Holland, 225. 2. The Ethical Policy: formulated by Van Kol, Van Deventer and Brooshooft, 229. 3. Diminishing Welfare: Economic Surveys by Van Deventer, Kielstra and Fock; the Debt of Honour; the Diminishing Welfare Enquiry, 232. 4. Expansion: Van Heutsz and Snouck Hurgronje, Achin and the Islands, The Short Contract, 236. 5. Nationalism, 238. 6. The Chinese Movement, 239. 7. The Native Movement: Miss Kartini, *Boedi Oetomo*, *Sarikat*

Islam, Indos, Europeans, The War, The Volksraad, 242. 8. Revolution: Nationalism, and Socialism, The Intelligentsia, Industrial Disputes and Communism, Outbreak and Collapse of Communism, Growth of Extremism, 248. References and Notes, 255.

Chapter IX. ADMINISTRATIVE AND POLITICAL REFORMS *page* 257

1. Administration in 1900: In Java, in the Outer Provinces; Comparison with British India, 257. 2. Decentralization: Rationale and Connotation, Efficiency and Autonomy, 261. 3. Administrative Reforms, to 1918: (*a*) Departmental, 265; (*b*) Territorial, 266; (*c*) Ontvoogding, 267. 4. Political Reforms, to 1918: (*a*) Local, 269; (*b*) Central, 272. 5. The Revisional (*Herziening*) Commission, 277. 6. The *Staatsinrichting*, 1925, 278. 7. The New Volksraad, 280. 8. Local Government, after 1918: (*a*) General Survey, 284; (*b*) Provincial Councils, 285; (*c*) Regency Councils, 286; (*d*) Urban Councils, 287; (*e*) Rural Local Councils, 288. 9. Administrative Reforms, after 1918, 292. 10. Village Government, 293. 11. Administrative Expansion: the Judicial System, Police, Other Services, the Civil Service, 295. References and Notes, 301.

Chapter X. ECONOMIC PROGRESS *page* 303

1. The New Economic Constitution, 303. 2. Capital, 309. 3. Agricultural Production: (*a*) European, 312; (*b*) Native, 319. 4. Irrigation, 323. 5. Fisheries, 324. 6. Forests, 325. 7. Mineral Production: State exploitation, Tin, Coal, Oil, 325. 8. Communications: Railways, Roads, Telephones, Shipping, Harbours, 329. 9. Industry, 332. 10. Finance, 334. 11. Commerce, 336. 12. State Finances, 339. References and Notes, 345.

Chapter XI. SOCIAL ECONOMY *page* 346

1. Introduction: Growth of Population, Distribution of Wealth, 346. 2. Labour: Colonization, Importation of Labour, Trade Unionism, 348. 3. State Credit: State Banks, State Pawnshops, Co-operative Credit, 357. 4. Public Health, 361. 5. Education: Vernacular Instruction, Secondary Instruction, Vocational Instruction, for Europeans, and for Natives, 361. 6. Missions, 378. 7. Welfare and the Village, 381. 8. Welfare Surveys: Statistics, 393. 9. Native Welfare, 396. 10. The European Community: (*a*) Growth, 404; (*b*) Social Constitution, 404; (*c*) Economic Functions, 406. 11. The Chinese Community: (*a*) Growth, 408; (*b*) Social Constitution, 409; (*c*) Economic Functions, 411. 12. Cultural Progress: (*a*) European, 415; (*b*) Chinese, 418; (*c*) Native, the Native Press, the Bureau for Popular Reading, 419. References and Notes, 426.

Chapter XII. SOME EFFECTS OF THE CRISIS OF 1929 *page* 428

1. The Crisis of 1929, 428. 2. Japanese Penetration, 430. 3. Growth of Manufactures, 433. 4. State Intervention: (*a*) Restriction of Output, 435; (*b*) Protection of Markets and Manufactures, 438. 5. State Finances, 441. 6. Social Economy: Effect of the Crisis on Europeans, Chinese and Natives, 443. References and Notes, 445.

Chapter XIII. PLURAL ECONOMY *page* 446

1. Plural Societies, 446. 2. Plural Economy: (*a*) The Plural State, 447; (*b*) Social Demand, 447; (*c*) Distinctive Characters, 449. 3. Plural Economy and Orthodox Economics, 460. 4. Resolutions of Plural Economy: (*a*) Caste, 464; (*b*) Law, 465; (*c*) Nationalism, 467; (*d*) Federalism, 468. References and Notes, 469.

INDEX OF REFERENCES *page* 471

GENERAL INDEX *page* 479

MAPS

Netherlands India *page* xiv
Netherlands India in comparison with Europe *page* xxiv
The Two Gateways into Eastern Waters 3
The Moluccas, or Spice Islands 16
Amboyna and the Uliassers 18
The Banda Islands 26

TERRITORIAL DIVISIONS

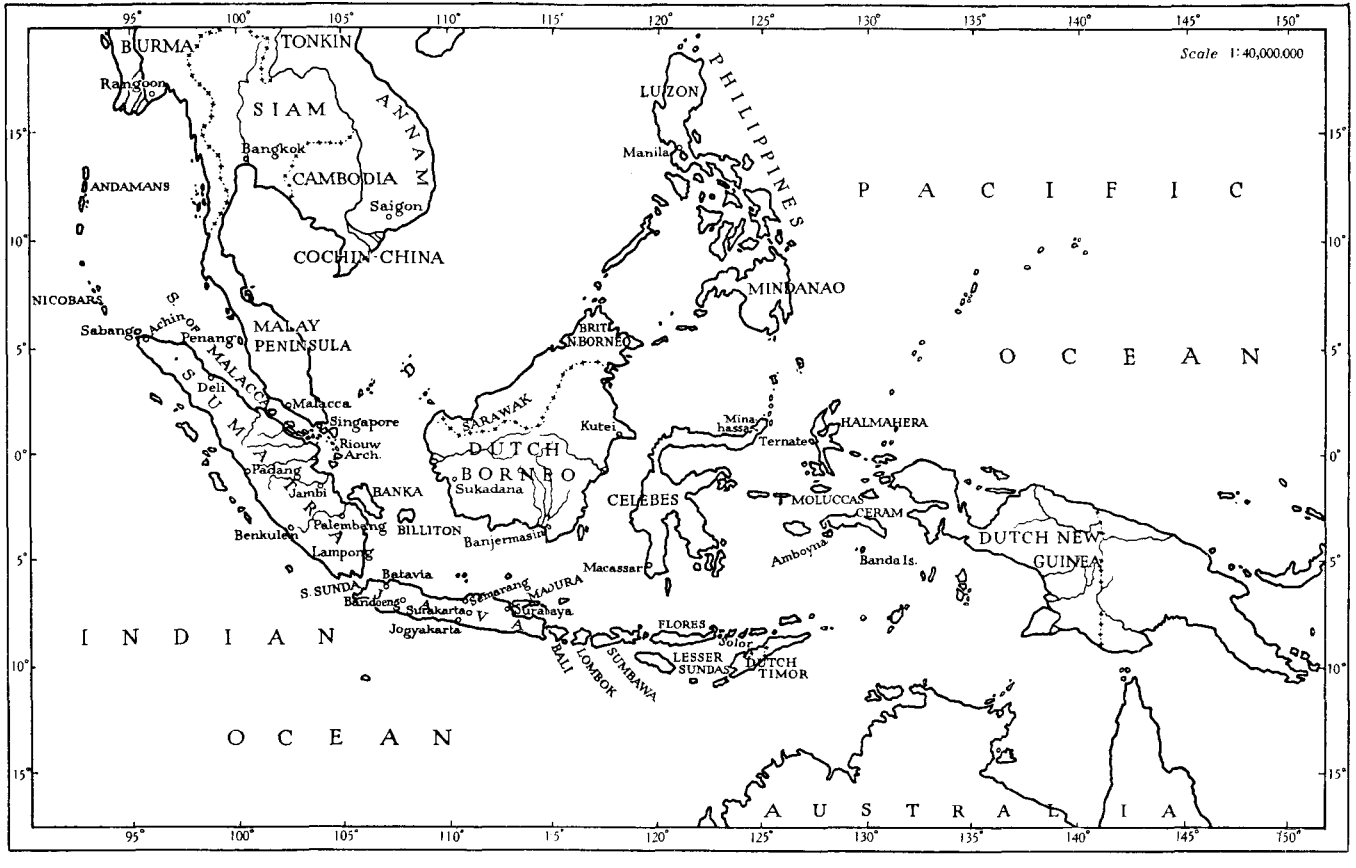
(*Statistisch Jaaroverzicht*, 1932)

(Areas in sq. km. 000 omitted.)

JAVA AND MADURA	
Province of West Java	
Residencies	
Bantam	7·9
Batavia	8·1
Buitenzorg	11·6
Priangan	13·6
Cheribon	5·6
Province of Mid Java	
Residencies	
Pekalongan	5·6
Semarang	5·4
Japara-Rembang	6·0
Banyumas	6·4
Kedu	4·6
Government of *Jogyakarta* (*Jogya*)	3·1
Government of *Surakarta* (*Solo*)	6·0
Province of East Java	
Residencies	
Surabaya	3·5
Bodyonegoro	6·8
Madiun	6·0
Kediri	7·0
Malang	5·2
Probolinggo	3·5
Besuki	10·1
Madura	5·4
JAVA AND MADURA	132·2

OUTER PROVINCES*	
Sumatra	
Lampongs (*R.*)	28·2
Palembang (*R.*)	85·9
Jambi (*R.*)	44·4
East Coast (*G.*)	93·5
Benkulen (*R.*)	25·8
West Coast (*R.*)	49·5
Tapanuli (*R.*)	39·4
Achin (*G.*)	55·5
Sumatran Islands	
Riouw (*R.*)	32·3
Banka (*R.*)	11·7
Billiton (*A.R.*)	4·8
Borneo	
West (*R.*)	147·2
South and East (*R.*)	386·6
Celebes	
Manado (*R.*)	90·5
Celebes (*G.*)	98·9
Moluccas (*G.*)	498·4
Lesser Sunda Is.	
Timor (*R.*)	63·5
Bali and Lombok	10·5
OUTER PROVINCES	1767·4

* *G.* = Government; *R.* = Residency; *A.R.* = Assistant-Residency.



NETHERLANDS INDIA

PREFACE

THIS work attempts a study of the economic and social development of Netherlands India, with especial reference to its character as a Plural Society—a society in which distinct social orders live side by side, but separately, within the same political unit. It aims at depicting, stage by stage throughout the course of history, the general political and economic environment of Netherlands India, and at tracing in each stage the course of economic progress and the main features of the social economy.

The economy of Netherlands India is interesting in itself; but it has a deeper interest for one whose work has lain in Burma, and this book is further intended as a contribution towards comparative political science. Much as England has Europe for its background, so Burma has for its background the Tropical Far East, the region extending eastward to the Philippines and southward to the Malay Archipelago, and including Siam and Indo-China. Within this region many peoples, with much in common in their racial character and cultural history, have come, in different ways and in different degrees, under the influence of various European nations, with a fundamental unity of culture but with different aims and different traditions. Burma is a tropical country, recently brought into contact with the modern world, where Europeans have taken over the government, are developing the material resources, and have come to recognize a moral responsibility for the welfare of the people; the central problem of political endeavour is, not merely to promote agriculture, industry and commerce among all sections of the community, and to adjust the rival claims of Capital and Labour, Town and Country, Industry and Agriculture, in circumstances where the normal tension between these conflicting interests is accentuated by a corresponding cleavage

along racial lines, but to build up a new order of society in which all sections of the community may live together in harmonious relations, and all the people fully realize their privileges as citizens of the modern world. Problems essentially the same arise throughout the Tropical Far East, and, so long as they are regarded as merely local problems, there is less prospect of reaching a wise solution anywhere. But now, as in the past, attempts are being made to solve them locally, with little reference to similar attempts in other countries of the same region. I have long believed that Burma might learn much from studying its neighbours, and my work on Netherlands India has strengthened me in that belief; we might learn much where the Dutch may seem to have succeeded, and no less perhaps where it may seem that they have failed.

I do not wish to claim, however, that there is much, if anything, in the account of Netherlands India given in this book which may be applied elsewhere without further study; I hope merely that it may serve as an introduction, directing the attention of students to notable features of Dutch administration in the East, and suggesting what they may find by further study there. Possibly it may suggest also to Dutch students that they may learn something from our achievements and mistakes in Burma, and, if any should be led thereby to visit Burma, I trust that they may be greeted with the same ready help that I have found in the Netherlands and in Java.

Much of the value of a study such as this depends on documentation; but this has presented exceptional difficulties. Few English readers can be expected to have a general background of knowledge regarding Netherlands India, and an attempt to give references in detail would lead to a note on almost every line; even so, the notes would not help many readers, for they would mostly refer to books in Dutch, available only, with comparatively few exceptions, in Dutch libraries. It has appeared sufficient, therefore, to assist the English student with general references for each chapter or paragraph, supporting

these in detail only for direct quotations and for passages where an informed Dutch reader might expect a note.

Perhaps the notes will serve a further purpose in indicating the vast wealth of material on which a student of Netherlands India may draw, and his need, therefore, of friendly guides in his researches. In this matter it is difficult to make adequate recognition of the generous courtesy which I have experienced. Particular obligations have been acknowledged in a series of pamphlets dealing with special subjects, but I welcome this opportunity of repeating my acknowledgments to the authorities at the Hague and in Batavia; to Dr Cecile Rothe and the Institut Koloniaal at Amsterdam, where I laid the foundations of my studies; to Dr J. W. Meijer Ranneft who, despite the burden of his official duties as Vice-President of the Council of India in years of peculiar anxiety, not only gave me the benefit of his long and wide experience of Netherlands India, but helped me to arrange my tour so as best to employ the time at my disposal, and furnished me with personal recommendations to those who could show me various aspects of the administration and of social and economic life; and to all those in Java, European and Native, official and non-official, who were so liberal with their hospitality and leisure, even when, as a Sundanese gentleman subsequently wrote, I asked "so many questions that they had no time for breakfast". Further my special thanks are due to Dr J. H. Boeke and Leiden University, where I correlated my personal observations with the almost overwhelming store of treatises on Indian affairs by Dutch and Oriental students, and came to understand that, whatever changes may lie ahead, Netherlands India has been stamped indelibly with the mighty influence of Leiden.

To Dr Boeke also, and to Dr B. Schrieke and Dr J. B. Krom of the same University, I am further indebted for their kindness in reading through a preliminary draft of this work in typescript and, though none of them is in any way responsible for any statement of fact or opinion in the book, I must thank them

for many valuable suggestions, and for rescuing me from many of the pitfalls into which anyone studying an alien administrative system from outside is only too apt to fall.

It gives me pleasure also to acknowledge my indebtedness to Mr D. J. Sloss, C.B.E., and the University of Rangoon for encouragement in venturing on this study, for moving the Governments of Burma and India to obtain for me through the Foreign Office introductions to the authorities in Holland and Netherlands India, and, not least, for assistance rendered in the publication of preliminary studies, which may perhaps be useful but can hardly be profitable.

Finally, I must express my deep sense of obligation to Jonkheer mr. A. C. D. de Graeff, lately Governor-General of Netherlands India, for contributing an Introduction and for conferring on this work the distinction of his kind approval.

J. S. FURNIVALL

October 1938

LIST OF GENERAL REFERENCES

The works in the following list are given for general reference. For each chapter, and for many sections, shorter lists are given of works particularly appropriate to the subjects under consideration. Ordinarily no detailed reference is given to the works in these lists, except in support of direct quotations.*

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Koloniaal Tijdschrift.

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De Indische Gids.

* The detailed references in the Notes on each chapter are shown in abbreviated forms; full particulars may be found in the Index of References on p. 471.

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GLOSSARY

(*For Measures and Currency, see separate list.*)

Afdeeling. A subdivision of a Residency, ordinarily coinciding with a Regency.

Assistant Resident. An officer of the European Civil Service, ordinarily in charge of an *afdeeling*, and representing at the headquarters of a Regency the European element in Government.

Batik. Drawing with wax on cloth.

Blijver. A European, ordinarily of mixed blood, domiciled in Netherlands India.

Boedi Oetomo (**B.O.**). A Nationalist Association, chiefly recruited from the Intelligentsia.

Controleur. A junior officer in the European Civil Service; charged with duties of *contrôle* (inspection and supervision).

Desa (or **Dessa**). A Village Tract; *desa-diensten*, services compulsorily rendered to the village.

District Officer. An officer of the Native Civil Service in charge of a subdivision of a Regency.

Erfpacht. A concession by the Government of Netherlands India of land for cultivation on a long lease carrying an heritable title.

Heerendiensten. Services compulsorily rendered to the Government.

Indo (or **Indo-European**). An inhabitant of Netherlands India of mixed blood who on the paternal side by legitimate or legitimized descent is Dutch.

Jaksa. A Judge-advocate, or Court Prosecuting Officer.

Land-hire. The renting of land by natives to Europeans.

Ommelanden. The environs of Batavia, between the town and the regencies.

Opperhoofd. A title formerly given to certain Dutch officials in Netherlands India.

Opziener. Inspector or Superintendent; formerly an alternative title for the Controleur.

Outer Provinces. Netherlands India, outside Java and Madura.

Pantjendiensten. Compulsory services rendered to native officials.

Patih. An officer of the Native Civil Service; the head assistant of a Regent and usually in charge of the headquarters District.

Regeering (or **Regering**). Government. *Regeringsreglement*, a Constitutional Regulation.

Regent. The head of a Regency; an hereditary official belonging to the highest rank of the Native Civil Service.

Resident. An officer of the European Civil Service in charge of a Residency (*gewest*), an administrative unit roughly corresponding in area to a District in British India.

Sarikat Islam (S.I.). A Nationalist Association, with a popular appeal.

Schepenen. Aldermen, members of a law court under the Company.

Sub-district Officer. A junior officer of the Native Civil Service in charge of a subdivision of a District, normally comprising about fifteen villages.

Trekker. A European resident in Netherlands India, not permanently domiciled. *See* Blijver.

Wingewest. A Possession, an "exploitation-province".

MEASURES

1 kg.	= 2·2046 lb.
1 pikol (N.-I.)	= 61·76 kg.; = 136·161 lb.; = 0·06 ton (Brit.).
1 picul (Singapore)	= 60·48 kg.
1 ton (16 pikols)	= 988·181 kg.
1 ton (metric)	= 1000 kg.; = 16·19 pikols; = 1·012 ton of 16 pikols; = 0·9842 ton (Brit.).
1 ton (Brit.)	= 1016·04 kg.; = 16·47 pikols.
1 roed (Rhineland)	= 3·7674 metres.
1 hectare	= 1·4091 bouw; = 2·4711 acres.
1 bouw	= 1·7537 acres; = 0·7096 hectare.
1 acre	= 0·57 bouw; = 0·4047 hectare.
1 pikol per bouw	= 87·03 kg. per hectare.
100 kg. per hectare	= 1·149 pikols per bouw.

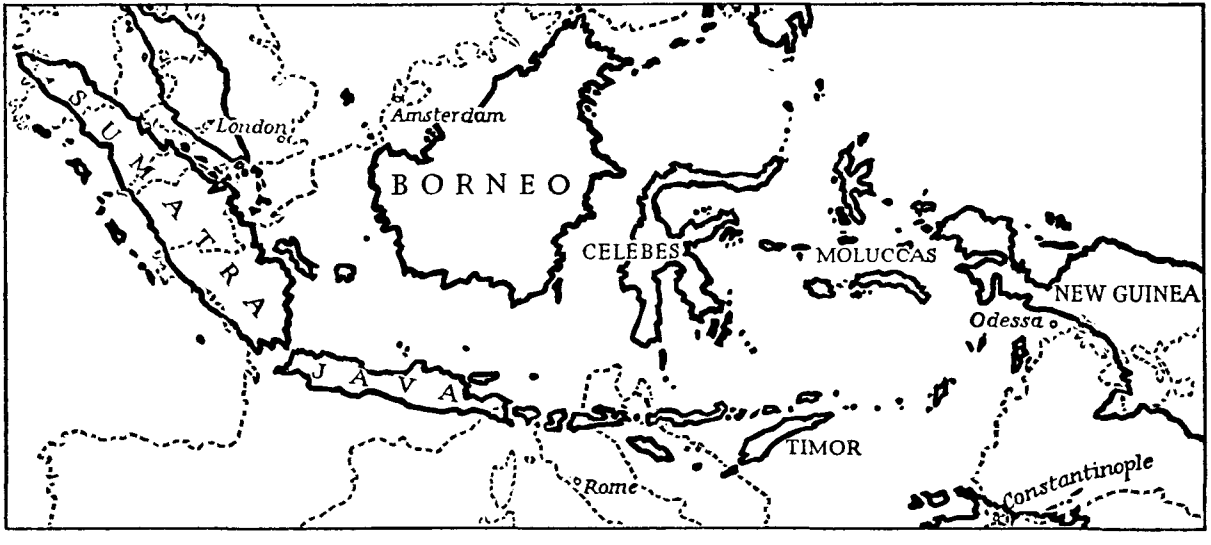
CURRENCY

1 guilder (or florin, *f.*) = 100 cents N.-I. = at gold par 1*s.* 8*d.* Brit. or U.S. $. 0·40.

Doit (duit). A copper coin corresponding to a farthing (obsolete).

Stiver (stuiver). A copper coin corresponding to a halfpenny (obsolete).

Rix-dollar (rijks-daalder). A silver coin, originally 75 stuiver; the term is still employed as the equivalent of f. 2½.



THE MALAY ARCHIPELAGO, IN COMPARISON WITH EUROPE

CHAPTER I

INDONESIA, TO 1600

1. *Geography.* "A girdle of emerald, flung round the Equator" —this picture of Netherlands India by the famous author, Multatuli, goes rather beyond the licence to which a writer of fiction is entitled. In plain fact, Netherlands India, commonly known in English as the Dutch East Indies, forms part of the Malayan Archipelago, linking Australia with Asia, and the Pacific with the Indian Ocean. The area of land under Dutch rule, comprising the whole archipelago except the Philippines and parts of New Guinea, Borneo and Timor, is close on 2 million sq. km., over 700,000 sq. miles, and is thus about four times the size of Germany; it extends 5000 km. from east to west and 2000 km. from north to south, and the journey by steamer from one end to the other, about as far as from England to America, takes a fortnight.

*Geographical Divisions of Netherlands India**

Area in sq. km. (× 1000)	
Java and Madura	132·2
Sumatra Region	471·5
Dutch Borneo	533·8
Celebes Region	189·5
Moluccas, New Guinea and Sunda Is.	572·5
Total	1899·7

This territory consists mainly of five large islands, spread out in an irregular semicircle, with Java, the most fertile and populous, along the base; but the whole archipelago is dotted with islands, large and small, so near together that, with favourable winds, even a native boat can travel the full length without ever being more than a few hours out of sight of land. The largest island is New Guinea, but the part of New Guinea under Dutch rule, included for administration in the Moluccas, is only 397,204 sq. km., whereas Dutch Borneo, comprising over two-thirds of the whole island, is 533,838 sq. km. For many reasons it has long been the practice to distinguish Java and

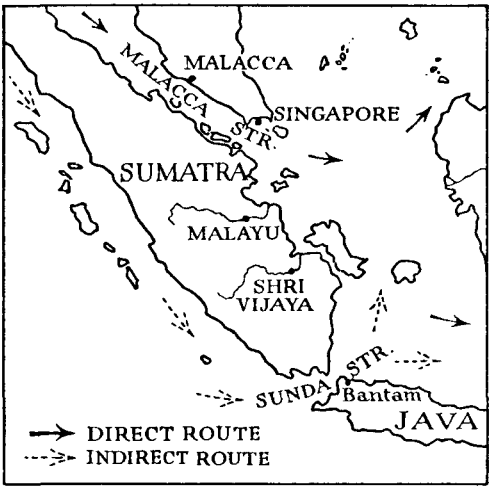
* These and other statistics, unless a different source is indicated, are ordinarily taken from, or based on, the annual official returns, published now as *Statistisch Jaaroverzicht* (vol. II of the *Indisch Verslag*), and formerly as *Jaarcijfers* (*Koloniën*).

Madura from the other islands, known collectively as the Outer Possessions or, now, Outer Provinces; in the following pages this distinction will be observed, and, to avoid cumbrous repetition, Java and Madura will ordinarily be referred to as Java. Similarly, following the common practice of Dutch writers, India will be used for Netherlands India, except where it seems expedient to use the full official title.

Over this large area there is great diversity of surface and a wide range of climate; there are fertile plains and valleys, barren deserts, and mountains with peaks above the snow line; there are tracts with a rainfall of less than 20 inches and others where it exceeds 250 inches; in some places the heaviest rainfall is in July and in others in December. Thus the physical conditions allow a wide variety of crops; but the north and south, lying on opposite sides of the equator, are complementary in respect of climate and produce, and together form a natural economic unit. In general, however, the climate of the plains is warm and damp, favourable to cultivation and the growth of population, but allowing thick jungle to bury fields and villages when anarchy prevails.

2. *Political Geography.* The archipelago forms a highway between two oceans and a bridge between two continents, and its history, political and economic, has been conditioned, more even than usual, by geography. Certain features are outstanding. For many centuries the Spice Islands, or Moluccas, in the extreme east, had a monopoly of luxuries which set mouths watering all round the world; in the extreme west a narrow channel, the Straits of Malacca, is the shortest route by which these spices can reach Continental India and Europe, and is also the shortest sea-route between China and the West. This channel is marked out by nature therefore as a commercial centre and, from the beginning of history, wealthy cities on one side or the other, Shri-Vijaya (Palembang), Malayu (Jambi), Malacca and Singapore, have held successively this gateway between East and West. These merchant cities have been able to build up commercial empires dominating the archipelago; but Java has counter advantages in its central position and its fertile volcanic soil, enabling it, not only to support a dense population, but to feed the Spice Islands and other regions which lack rice; until

the population grew, within quite recent years, beyond its capacity for rice production, Java was always the granary of the archipelago, and therefore a market for imports. Thus Java, resting its strength on agriculture, has always been a rival of the commercial empire holding the Straits of Malacca. Moreover, the advantages of Java are not solely agricultural; lying along the route between the Spice Islands and the Malacca Straits, it always offered places of refreshment for merchants between East and West, and derived part of its strength from commerce.



Scale 1:20,000,000

The Two Gateways into Eastern Waters.

The rivalry between Java and Sumatra centred round the Sunda Straits. The obvious policy of the power holding the Straits of Malacca was to extend its territory over both sides, so that it could close the channel to others. But this still left a side-entrance into the archipelago through the Sunda Straits; a commercial empire in Sumatra would therefore try to annex the west of Java and, similarly, a strong power in Java would try to extend over South Sumatra. The tract along both sides of the Sunda Straits has therefore a common history as a political

unit maintaining a precarious independence, and even during the nineteenth century the Dutch Residency of Bantam still included the southern extremity of Sumatra.

3. *Peoples.* Throughout this region many peoples have been ranging for untold ages in a long succession: Australian, Tasmanian, Melanesian, Polynesian, Indonesian, each assimilating its predecessors or driving them to take refuge behind a sea barrier in far corners, or on the hill-tops and in the denser jungles of the larger islands. The physical conditions have favoured the survival of primitive races, and have also allowed different families of the same stock to develop in seclusion a many-coloured pattern of local dialect and culture. Over the whole area the earlier arrivals are distributed in pockets, and Papuans, first notable in Flores, increase as one goes eastward to New Guinea, so that racial diversity is one outstanding character of the archipelago, and even in Java (about the same size as England, without Wales) there are three distinct races, the Javanese in the middle with Madurese and Sundanese respectively on east and west, and, especially near Batavia, a mixed crowd of Coast Malays.

But the sea is not only a barrier; to seafaring races it is a highway, or even a home, as with the widely scattered Sea-Gipsies. During many centuries the Indonesians were spreading over the whole archipelago and far beyond, to British India and Madagascar. Throughout this formative period of racial growth they were assimilating their predecessors and immune from outside influences, and it is not strange that over the whole archipelago a fundamental unity of culture gradually took shape. Thus, through long ages, the peoples of the archipelago slowly built up a common Indonesian culture, elaborate and distinctive, and so stable that when, in after years, new currents flowed in from Hindu, Chinese, Moslem and European life, it could adapt and absorb these alien influences without losing its distinctive character. There is much diversity, but, broadly speaking, it is diversity in unity, and the whole area is therefore generally known as Indonesia.

4. *Indonesian Culture and Tenures.* The Indonesian civilization has often been idealized, and extravagant suggestions have been made that it comprised *batik* work and the shadow play,

but both these arts, now so characteristic of Java, seem to have come in later with the Hindus. Yet the Indonesians were not mere savages. They could use metals: gold, copper, bronze and iron. They must have understood something of astronomy and navigation, for they ventured on long voyages. Probably they had domesticated cattle, and they may have worked irrigated rice-land, which is a sure indication of a complex and well-established social order. If, as would seem, Java is the place to which K'ang T'ai refers in the *Fu-nan-t'u-su*, they not only worked salt in A.D. 13, but were so far advanced in political organization as to pay a salt tax to the king.[1] The stone monuments, some indicating a high degree of artistic sensibility, which they erected over their dead, or at least dead chieftains, suggest that they believed in survival after death.

For tracing the development of social economy the customs of land tenure are of especial interest. The Indonesian and his land, remarks the late Prof. C. van Vollenhoven, have given rise to "a whole churchyard dance of phantasies";[2] but, chiefly as a result of his genius and labours, there seems now to be general agreement on the main facts. The central idea is that, within its sphere of influence, the community, tribal or territorial, enjoys a right of disposal over land and water, reserving these solely for the community and its members. This leads naturally to individual rights. The simplest expression of these is the right to hunt and fish, followed, as a direct consequence, by the right of individual members to clear land for temporary cultivation (*ontginningsrecht*). At first this is merely a right of enjoyment (*genotrecht*) for the year, or perhaps two successive years, during which the land is occupied. But this gives rise to a temporary preferential right (*voorkeurrecht*) to hold the land much longer than the actual period of occupation, and ordinarily for so long as the fact of cultivation is remembered. Better cultivation leads to permanent hereditary possession (*bezitsrecht*) with power to alienate by mortgage, or even by sale. Thus by degrees the right of the community fades out, first over rice-lands, and then over the less valued dry lands. How far this process had gone during Indonesian times one cannot say, but if, as appears, rice land was improved by irrigation, it seems not improbable that an individual right of possession

was already recognized, and that a political organization, based originally on tribal relations, was already assuming a territorial character.*

5. *Hindus and Chinese.* During the long centuries when the Indonesians were laying the foundations of their distinctive culture, they were shut off from the outer world. Then, about the beginning of the Christian era, world changes, which accompanied the foundation of the Roman Empire and the rise of the Han dynasty in China, broke in ripples on the shores of the archipelago, and brought in foreign traders, Hindu and, probably somewhat later, Chinese. Both presumably came in search of spices. The Chinese had an easy journey from their home ports in the adjacent mainland; but the Hindus, coming from a distant base in the far west, found it necessary, like the Portuguese and Dutch long afterwards, to secure their position in the Straits of Malacca, and to seek harbours in the archipelago where they could refresh themselves with rice and water. By the middle of the second century the Hindu traders began to found settlements at points of vantage all over the Tropical Far East from Burma to Annam, and especially along the Straits of Malacca and the north coast of Java on the main route to the Spice Islands. The settlements grew into colonies and these into petty kingdoms.

The process of colonization lasted for upwards of six centuries. During this long period settlers arrived in different ages from different parts of Continental India, and the common Hindu

* It is of interest that the same stages are found in Burma, where the *ontginningsrecht* is known as *dama-u-gya*, the *voorkeurrecht* as *thu-win*, *nga-htwet*, and hereditary possession as *bobabaing*. The right of the community to dispose of all the land within its sphere of influence finds expression in a well-known maxim with many variants, of which one is *yua-lok*, *ya-sok*; *kyaung-la*, *yua-sha* (cultivated land gives way to dwelling-places, and dwelling-places to a monastery). But in Burma, as apparently in Indonesia, there is no term for *beschikkingsrecht*, and the right may have appeared so obvious and natural as to be taken for granted, whereas land held in joint possession, a much later development, is known as *bon-mye*. Another significant parallel deserving of notice is that in Java, despite Islam, the women enjoy in practice as great freedom as in Burma. Customs relating to the family and land-tenure are very deep-rooted, and in both countries probably date from before the coming of the Hindus; yet there can have been no direct relations between Burman and Javanese, for the Burmans did not enter Burma until a thousand years or more after the Indonesians had settled in Malaya.

culture which they introduced took many forms, comprising Brahmanism, Vishnuite and Shaivite, and Buddhism, Hinayanist and Mahayanist; very much as later settlers in different ages from different parts of Europe have introduced a European civilization which, though finding expression in cities so different as Saigon, Batavia and Rangoon, yet has a common inspiration. The settlement of these Hindu colonists is said to have been peaceful, and they seem to have acquired their influence largely by intermarriage and in virtue of their higher civilization. This is not improbable. For what the Hindus wanted in Java was food, and this could be obtained most easily, not by laying waste the countryside, but by cultivating relations with the people, and especially with their leaders. Also, from a very early date, the Hindus seem to have taken part in improving irrigation. Gonggrijp suggests[3] that the chief contribution of the Hindus to Indonesian economic and political organization was that villages which had formerly cultivated for their own consumption were now required to produce a surplus for the Hindu rulers and their armies, but, if we may trust K'ang T'ai, local chieftains were previously drawing tribute from political units of a higher order than the village. But Gonggrijp is probably correct in attributing to the new political institutions a dualistic character. "Hinduism formed, as it were, a superstructure above the original Indonesian community, not arising spontaneously out of that community, but maintained above the village economy by the authority of the Hindu princes."[4] During this period the Mahayanist power of Shri-Vijaya in Sumatra was supreme, but dotted about the coast throughout the archipelago were smaller colonies and kingdoms professing other creeds.

At length, after six centuries, a new readjustment of world economy, connected perhaps with the rise of Islam, brought the process of colonization from Continental India to an end, and for another period of about six hundred years the history of this region is dominated by three main themes: the struggle for survival between Buddhism and Brahmanism; the resolution of dualism in the social structure of Java; and the struggle for supremacy between Sumatra, the commercial centre of the archipelago, and Java, the centre of agriculture and production. All three movements developed along parallel lines. In Java we

see a succession of dynasties rising into power among the rice plains of the east and moving westward to the central mountains, from which they might extend their dominion over the whole island; but it was not until a little before 1300 that a new dynasty at Majapahit could secure itself in the centre while maintaining contact with the rice-lands and busy harbours of the east. Under this dynasty Brahmanism displaced Buddhism in Java, the dual Hindu-Indonesian civilization became definitely Javanese, and Java robbed Sumatra of its pride of place. The concentration of power may have been favoured by the introduction of fire-arms, but there seems no convincing evidence that these were used before the close of the fifteenth century,[5] and the strength of Majapahit lay probably in its creed rather than its cannon. Buddhism, with its emphasis on the equality of mankind, must always be an element of weakness in a social order where inequality prevails; whereas Brahmanism provides a religious and social sanction for inequality and, with its divinely ordained caste system, fits in better than Buddhism with a dualist and aristocratic social order. Brahmanism resolved dualism by accepting inequality as the basis of political structure; and it was no coincidence that when Hindu-Java, with its admixture of Buddhism, was brought under the rule of Majapahit, it became at the same time Brahmanist and Javanese, and strong enough to master Shri-Vijaya.

During all this time the Chinese were content to remain mere traders. Economic circumstances compelled the Hindus to found settlements and colonies along their lines of communication to the Spice Islands, but the Chinese were under no such necessity. Before the coming of the Hindus there was nothing in Java to attract the Chinese, and it seems that they did not come to Java until the markets established by the Hindus gave new facilities to Chinese merchants for importing the products of Continental India into China. Thus, in Hindu-Java, besides the ruling race and subject race there was already a Chinese element, interested solely in commerce, in economic contact with local society but forming no part of it. Probably, as at the present day, the Chinese looked after their private civil business under their own Chinese headmen, and there was, as now, a plural economy.

6. *Majapahit.* It was about 1400 that Majapahit touched the zenith of its glory—or what Javanese patriots like to represent as glory, though writers whose bias does not lie in that direction find "nothing wonderful"[6] in the organization of the kingdom and warn us against overestimating the standard of welfare and the volume of trade. On such matters it is difficult to form an unbiassed opinion, because the meagre data often lend themselves to contrary interpretations, but, thanks mainly to the Chinese records, some facts are unquestionable. It is certain that the Empire at its widest extent covered much the same area as modern Netherlands India; in all the ports tapping the rice plains along the north coast of Java—Japara, Tuban, Grissee, Ampel (Surabaya), there was a stir of shipping, and busy markets were thronged with merchants exchanging wares from near and far. The more distant parts of Java sent pepper from Bantam, salt from Madura and coconut oil from Balambanggang. The smaller islands furnished a wide variety of products, notably cloves, mace and nutmeg from the Moluccas, sandal wood from the Lesser Sundas, cotton goods from Sumbawa and Bali; Borneo supplied diamonds from Kutei and dried fish from Banjermasin; honey and beeswax came from places so far apart as Timor and Palembang; rhinoceros horn and ivory from Sumatra; tin and lead from Keda and Perak on the mainland, and iron from the Karimata Islands. From more distant regions the Chinese brought fine porcelains, jade and silks, and ships from far Arabia carried the muslins and calicoes of Continental India, and the turquoise and other precious stones of Persia. Money was scarce; but rice, which was the main product of Majapahit, served both as a commodity and as a medium of exchange, so that vendors were not frightened away by the low prices consequent on the scarcity of money.

The Javanese of that time did not merely sit at home waiting for trade to come or content themselves with petty retail trade, but they were "ship-builders, seafarers and colonizers... dominating the trade of the whole archipelago, and even of the Malay Peninsula and the Philippines";[7] when the Portuguese first came to Malacca they noticed a large colony of Javanese merchants under its own headman; the Javanese even founded their own cannon, which then, and for long after, were as

necessary to merchant ships as sails. There were also many other craftsmen; builders, plaster-workers, smiths and carpenters, some living in special villages under the protection of the king, or grouped in city wards where traditions of craftsmanship were upheld, and there was a gradually accumulating social heritage of skill. One character of social life in Majapahit, noteworthy for its contrast with conditions subsequently, was that the people as a whole led a fuller life and had a wider range of activities than at any time before or since. But then, as in almost all societies until quite recent times, the main activity was agriculture; rice was the chief crop, and the growth of population and extensive new irrigation works multiplied the out-turn, giving a large surplus for export; other crops were sesamum, beans, a wide variety of fruit, and sugar-cane, which was newly introduced during this period.[8]

The growth of economic activity was largely due to State supervision and initiative; the markets, for example, were public buildings where the transactions were regulated by officials. This implies a complex and elaborate centralized administrative organization, and scattered references show that such an organization did gradually take shape. From about 850, even though successive dynasties collapsed, the administrative system, closely bound up with the religious organization, survived, if only as a tradition in the monasteries, so that it could come to life again when a new dynasty arose with sufficient strength of will to command obedience. Thus, during the course of centuries, there was gradually built up a central government, organized, more or less on departmental lines, for administering justice, collecting revenue, and regulating ecclesiastical affairs and agricultural and commercial policy. The ecclesiastical system, the core of the whole structure, was especially elaborate; the larger shrines, and the monasteries and nunneries attached to them, were richly endowed, and the higher clerics had to be competent men of business, able like ecclesiastics in medieval Europe to play a part in general administration.

The central organization included a small standing army, but for the most part provision for defence was made on a different principle, and was linked up with the organization for the maintenance of authority, which existed alongside and interwoven

with the centralized departmental machinery, serving mainly for the conduct of policy. At the head of both was the king, the centre of political and social life, directing policy through the departments, but resting his authority on personal ties, and ruling the country through princes, each with his chain of lesser nobles down to the local headman. Thus there was a double organization, official and personal.

This instrument of authority, linked up by personal ties, requires further examination. The local headman has often been regarded as a village headman, the representative of a territorial unit, the village, self-contained and self-sufficient, enclosed as it were in a ring-fence; and it is suggested that upon this aggregate of autonomous villages the Hindu rulers superimposed an organization similar to the feudal system of medieval Europe. This view is hardly consistent with the evidence. According to Van Vollenhoven, the outstanding authority on customary law, the indigenous unit of social life in Java, as in the rest of Indonesia, was the tribe, clan or family, each autonomous within its sphere of influence and, although the Hindu rulers on assuming sovereign powers may have gone far to suppress village autonomy (*haar zelfstandigheid kan hebben weggedrukt*), "there is no reason to doubt the Indonesian origin of the Javanese and Madurese village".[9] All this one need not question; but it is a very different matter to suggest either that the territorial village, as it now exists, was ever a ring-fence closed-in unit, or that the social tie was feudal.

For, in every enquiry into territorial arrangements under native rule, territorial jurisdictions have been found in intricate confusion. When Mataram, which succeeded Majapahit as the chief power in Java, was partitioned between two rival princes in 1755, their territories intersected "like squares on a chess board".[10] Over the greater part of Java it was only on the introduction of land revenue from 1813 onwards that villages were reduced to uniformity and their lands bound up into a closed unit, and during this process there were numerous references to the splitting and amalgamation of villages, and to the promotion of hamlets to the status of independent villages. The same thing happened in 1830 when Dutch rule was extended over new districts, and again in 1874, on a reorganization of the

whole administrative arrangements, a systematic revision of village boundaries was still found necessary. Again, quite recently, on the revision of land tenures in the surviving Native States jurisdictions were found to be distributed between numerous overlords "so that all continuity and connection between them had disappeared"[11] and the villages were not "rounded-off fenced-in complexes" but merely residential areas showing no trace of legal or economic unity.[12] Every enquiry in fact has shown that "the villages seldom formed a regular whole".[13]

It is possible, and seems to be the accepted view, that the criss-cross intersection of personal and territorial arrangements which these enquiries reveal was due to aggrandizement by Hindu rulers in disregard of customary law; but similar conditions in Burma suggest an alternative explanation, attaching less weight to customary law and arbitrary aggrandizement, and more weight to economic circumstances. In Indonesian times settlements must usually have been small, far-scattered and impermanent. Doubtless each settlement was jealous of encroachments over such land within its sphere of influence as it required for cultivation, grazing or fuel, but a very small area would suffice its needs even for shifting cultivation, and, in regard to grazing, the few people who owned cattle would be more concerned to prevent their cattle straying than to safeguard large areas of pasture, which, moreover, would be best afforded on the recently cleared and cultivated land. There must have been large areas wholly unappropriated and open to new settlements. It may be suggested that customary law excluded encroachments by outsiders, but people did not deal in abstract ideas. Customary law is case law, and the case precedes the law; precedents arising out of economic circumstances determine custom, and custom hardens into law, but the law develops as new economic circumstances arise. At any time an epidemic, or some other unfavourable portent, would induce a settlement to move its quarters; there was an abundance of waste where it could settle and there were no surveyors to delimit boundaries. Similar conditions obtained long after the arrival of the Hindus, and, when the Hindus gradually asserted rights of sovereignty, they were more concerned to increase the number of their

dependants and followers than to draw rent from land; anyone who could look to them for protection would look to them also for the means of livelihood, that is for land, and the rights over land cleared by a dependant vested in his overlord and not in any territorial community. Only in settled periods would land, other than irrigated land, become of any value, and, on the recurrence of anarchy, even irrigated land would lose its value. During the prosperity of Majapahit the tax on land and the large export trade suggest the evolution of property in land, but the fall of Majapahit was followed by continual warfare, and, not until Dutch rule began to stabilize conditions, can there have been any steady tendency for land to acquire a value apart from the man who cultivated it. As land became valuable and population grew, settlements would become more numerous and nearer, and the inhabitants would tend to be more jealous of encroachment, so that the territorial village would come into existence; but it would not be a rounded-off fenced-in complex, because there would already be enclaves. On this view the territorial village and the enclaves came into existence together; the process probably started under Hindu or Hindu-Javanese rule, but was not general until after the coming of the Dutch, when for the first time the village as a territorial unit became "a moral organism with its own government and its own land at the disposal of its inhabitants".[14]

Similar considerations apply to the so-called feudal system of Java. "The feudal system", says Dr Adams, "had two sides to it...both sides were primarily concerned with the holding of land....The one side may be called from its ruling purpose economic, and the other political. The one had for its object the income to be drawn from the land; the other regarded chiefly the political obligations joined to the land." The duties of the citizen to the State were changed into a species of land-rent and "the individual no longer served in the army because this was part of his obligation as a citizen, but because he had agreed by a private contract to do so as a part of the rent he was to pay for the land he held of another man".[15] But this was exactly the reverse of conditions in Java. When a ruler granted a district or village to a dependant, he did not transfer either the people or the land as so much property, but he transferred part of his

sovereignty.[16] Later, when the Dutch made grants of land, the people went with the land, but that was a European idea; formerly under native rule the land went with the people. The social tie was strictly personal and in no way based on land; in feudal Europe a man was liable to service because he held land, but in Java a man held land because he was liable to service, and this pseudo-feudalism was in fact the direct contrary of feudalism.

Some writers regard this so-called feudalism as a sign that the social order was still characterized by the dualism of earlier days when there was a sharp cleavage between Hindus and Indonesians.[17] Doubtless the structure of Javanese society then, as now, was aristocratic, and Brahmanism tended to strengthen class distinctions by giving them a religious basis. But there seems to have been little difference in wealth between upper and lower classes; the houses of the rich were mostly of timber and bamboo, and the lower classes, dressed in jacket and loin cloth, were far better off than the peasantry of Continental India. The Hindus had stimulated a great cultural advance, finding expression in architecture, music, painting, *batik*, literature and the theatre, but in the course of time the Indonesians had absorbed the Hindu contributions, and from Dr Krom's study of Hindu-Java it appears that the civilization of Majapahit was neither Hindu nor Indonesian, nor a dualistic mixture of the two, but definitely Javanese, and that a description of the conditions in 1405 might serve quite well for the present time, except for changes in religious forms consequent on the adoption of Islam. In the ports, however, the Chinese still remained a race apart, and the growing number of Moslem Arab traders was introducing a new alien element.

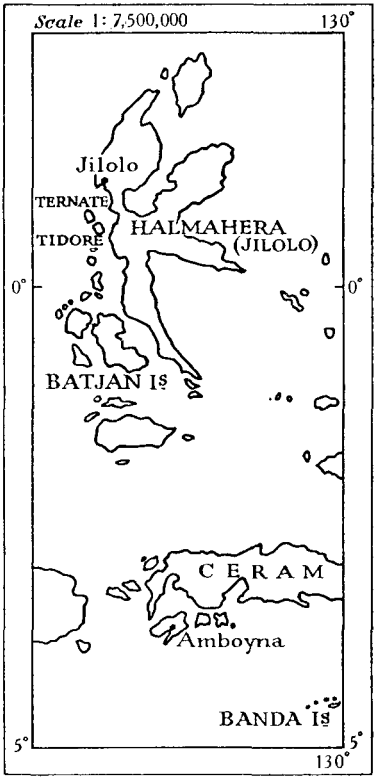
7. *Moslems and Portuguese.* From about 1400 the power of Majapahit declined, largely as a consequence of events outside the archipelago. In 1368 the Mings shook off the Mongol yoke in China; the new importance which this gave to the sea-route between East and West led to numerous maritime expeditions by the Chinese, especially under Ching Ho (1405–34), and also stirred the Moslems to new activity at sea. Apparently a Moslem ruler was establishing himself in North Sumatra from about 1250. From this centre the Moslems extended southwards, and

gathered fresh strength from the victories of Tamerlaine, giving them a nearer base in Continental India, from which they were coming in increasing numbers to the ports along North Sumatra and the Straits. The tomb of a Mahommedan saint at Grissee shows that in 1419 there were many Moslem traders in this port; about 1440 Islam reached Ternate, the centre of the spice trade, and by 1450 the Mahommedans were masters of Malacca.[18] With the rise of Malacca the archipelago once again became a scene of rivalry between a commercial empire in the Straits and Java, the main granary. But the Hindus in Java, cut off both from the East and West, rapidly lost ground and the Javanese ports, passing into the hands of the Moslem settlers, became centres of trade and propaganda. At the end of the fifteenth century it may well have seemed that the future lay with the Mahommedans.

The arrival of the first European traders introduced a new factor. As soon as the Portuguese reached India in 1498 they found that the chief market for spices was Malacca. "Truly", said a Portuguese writer, "I believe that more ships arrive here than in any other place in the world, and especially there come here all sorts of spices and an immense quantity of other merchandise."[19] It was not, however, a trading city in the modern sense. Throughout the archipelago goods were exchanged at fairs or markets held periodically at the chief ports. Malacca was the chief of these; and its population, at the height of the fair, is said to have reached a million, comprising many different peoples, each under its own leader or governor, and observing without hindrance its own religion and customs. Albuquerque recognized its importance, as "if they were only to take Malacca out of the hands of the Moors, Cairo and Mecca would be entirely ruined, and Venice would then be able to obtain no spices except what her merchants might buy in Portugal";[20] he urged that the taxes of the land would supply ample funds for the administration of the city, and the greater security under Portuguese rule would undoubtedly lead to a vast increase of commerce. In 1511 Malacca passed to the Portuguese, who appointed various officers and placed the native settlements under captains of their own race, one for the Hindus, one for the Moors, and one for the Javanese;

apparently the Chinese settlement was not important enough for a special captain.

But in every fair or market through which the spices passed something was added to the cost, and the Portuguese soon learned that in Malacca spices cost five to seven times as much as in the islands where they grew. They resolved therefore on entering into direct relations with the Spice Islands so as to cut out the long chain of middlemen. This was not difficult; the local rulers gave them a ready welcome in return for aid in the constant warfare which was their chief recreation, and in 1522 the Portuguese obtained leave to build a fort in Ternate, close to the new Spanish settlement in Tidore which had been left behind by Magellan's expedition; at the same time they were granted a monopoly of cloves.[21] For the next hundred years the history of the archipelago centred round the Moluccas and, rather later, Celebes. The growth of Moslem influence and the decline of Majapahit had led to a struggle for supremacy in the eastern archipelago between four small islands: Jilolo, Batjan, Ternate and Tidore. As usual in the East, political ties were personal rather than territorial, and the ruler of each island had his adherents throughout the archipelago so far south as Banda; thus in Amboyna there were four parties owning allegiance severally to these four kings and constantly at war with one another. At first Jilolo was the most powerful, but later Ternate



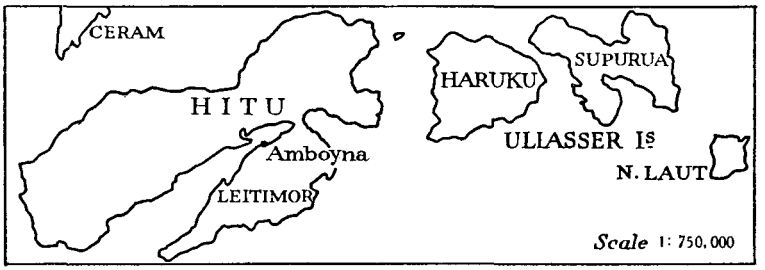
Moluccas, or Spice Islands.

and Tidore came to the front; then, as Europeans strengthened their hold, and the sea power of Majapahit declined still further, preeminence among the native princes passed to Macassar and the Buginese. The rivalry between all these petty kingdoms played a large part in the conflict between Portuguese and Spaniard, Dutch and English, but, during the sixteenth century, the Portuguese had matters very much their own way until their tyranny and oppression roused the people to combine against them. A leader of genius, moved to fury by the assassination of his father, the ruler of Ternate, formed a league with all the neighbouring princes and by 1575 had hemmed the Portuguese within their forts, captured their position in Ternate, and in Amboyna as elsewhere had placed their affairs "in a most critical and desperate condition".[22] The Portuguese were so broken by disaster that they would have abandoned the Moluccas had not one stout-hearted captain refused to leave the remaining Christians to their fate. They feebly maintained a losing struggle until help came in 1580 from an unexpected quarter, when Philip II of Spain made good his claim to the throne of Portugal. With the support of Spain and a new base in the Philippines, less distant than Malacca, a combined garrison of Portuguese and Spaniards was still able to maintain a precarious hold over the fort in Tidore, and another stood fast in Amboyna; but the power of the Portuguese was broken and about 1600, as in 1500, it seemed that the tropical Far East would fall to the Mahommedans.

Portuguese influence long outlasted Portuguese dominion. When Alexander VI in 1493 partitioned the known world, "with all its gold, spices, and all manner of precious things" between Portugal and Spain, he imposed on them the condition that they should exert all diligence to convert the peoples of their new territories and "instruct them in the Catholic faith and good manners".[23] The Portuguese took these duties seriously, and were zealous in converting and educating the islanders; in 1537 they opened a seminary in Ternate and in 1559 Malacca was constituted a bishopric. But even the priests were only too ready to sanction the extirpation of those who would not accept the faith. Christianity declined together with the power of the Portuguese; but when the Dutch arrived Leitimor, the Uliassers

and South Ceram were mainly Christian and there were still many Christians in Solor, Flores and Saru, with churches and schools; long afterwards Portuguese still remained the lingua franca even in Batavia, where out of twelve ministers four preached in Portuguese.[24] To the Portuguese and Spaniards Java was also indebted for some of the crops that are now among its staple products, such as maize, tobacco, sweet potato and cocoa.

Even during the height of Portuguese ascendancy the Mahommedans were making headway in Java. The direct route of the Portuguese between Malacca and the Spice Islands left Java on one side, but, as usual, the secondary route by way of Achin and the Sunda Straits grew in importance when the Straits of Malacca were blocked to general traffic. This secondary route



Amboyna and the Uliassers.

was developed by the Moslems. At Achin they fostered a market rivalling Malacca and they strengthened their hold on Java. At the first arrival of the Portuguese, Moslems were numerous along the coast but the island was divided between two powerful Hindu kingdoms. By 1526 there was a Mahommedan Sultan in Bantam, and at about the same time the Mahommedans conquered Majapahit. A succession of dynastic revolutions, such as had filled the history of Hindu-Java, led at length to the rise of Mataram, ruling the east and middle of the country, while in the west Bantam still retained its independence; thus, on the arrival of the Dutch, Java was once again divided between two powers, an agricultural power holding most of the island, and a commercial power with a far smaller territory, centring on Bantam in the west. The rivalry between Mataram and Bantam gave the Dutch their chance to secure a foothold.

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NOTES

[1] Communicated by G. H. Luce, Rangoon University.
[2] C. van Vollenhoven, *De Indonesier*, p. 8.
[3] Gonggrijp, *Schets*, p. 10.
[4] *Ib.* p. 9.
[5] Krom, p. 440 n.; but see Steiger, p. 186.
[6] Gonggrijp, *Schets*, p. 15.
[7] Angelino, i. 191.
[8] Dr L. Koch, "Wat Indië aan het Buitenland dankt" (*Kol. Tijd.* p. 576, Nov. 1934).
[9] C. van Vollenhoven, quoted by Dr J. H. Boeke, *Dorp en Desa*, p. 53.
[10] Bergsma, iii. 130.
[11] Soepomo, p. 19.
[12] Dr L. Adam, *Sidoardjo*, i. 2.
[13] Bergsma, ii. 306.
[14] Bergsma, iii. 131.
[15] Dr G. B. Adams, p. 14.
[16] Soepomo, p. 8; Stapel, p. 250; Steyn Parvé, p. 54.
[17] Gonggrijp, *Schets*, p. 18.
[18] C. Snouck Hurgronje, in Colijn-Stibbe, i. 210.
[19] F. C. Danvers, i. 181 n.
[20] *Ib.* i. 226.
[21] A. J. Beversluis en A. H. C. Gieben, p. 8.
[22] Danvers, ii. 13.
[23] The Bull of 4 May 1493 is given in Danvers, Appendix, ii. 483.
[24] J. Stockdale, p. 65; Dr G. W. R. Drewes in Schrieke, *Western Influence*, p. 135; Colenbrander, *Geschiedenis*, ii. 242.

CHAPTER II

THE EAST INDIA COMPANY, 1600–1800

1. *The Coming of the Dutch.* When, for a second time, it seemed that political and economic power in the archipelago would pass to Islam, the course of events was changed by the arrival of the Dutch. The Dutch never wanted to come East; they were forced to come by the policy of Philip, who profited by his succession to the throne of Portugal in 1580 to close the Portuguese harbours to his rebellious Dutch subjects. This was a grievous blow. For close on a hundred years the Dutch fleets, sailing with their cargoes of herring to the Mediterranean, had brought back from Portugal spices and other tropical produce for the peoples of northern Europe, and these luxuries had become a necessary means of livelihood to the Dutch merchants. Despite the orders of Philip and the protests of their English allies, the Dutch went on trading for some years but, when they found themselves subject "to arrests and all manner of unbearable tyrannies by the King of Spain",[1] they were compelled to seek new harbours. They tried to make the Indies by the western route, but the English freebooters, Drake, Frobisher, and others, did them more mischief than the most formidable of the Spanish captains. Even after, as Dutch children still learn at school, they had defeated the Armada, they preferred the hazards of the frozen North to challenging the power of Spain in southern seas; not until a succession of disasters frustrated their attempts to find a north-east passage to India did a few merchants of Amsterdam resolve to risk the dangers of the southern route.

These were numerous and alarming. Navigation was not yet a science; there was no fixed point in the sky to guide vessels sailing east and west, and there were channels "full of privy rocks and quicksands". The Portuguese could find their way because, as Thomas Stevens, the Jesuit missionary who went to India in 1579, says, "there is not a fowl that appeareth or sign in the air or in the sea which they have not written down". But

they guarded these secrets jealously, and, even so, were still liable to mistake Socotra for India. Such a mistake might carry heavy penalties; "by reason of the long navigation and want of food and water, they fall into sundry diseases; their gums wax great and swell and they are fain to cut them away, their legs swell and all the body becometh sore and so benumbed that they cannot stir hand nor foot, and so they die for weakness. Others fall into fluxes and agues and die thereby." On that voyage twenty-seven died, "which loss they esteemed not much in respect of other times". Trade secrets were no less closely guarded; in 1584 Fitch noted as valuable information that "the cloves do come from the isles of the Moluccas, which be divers islands. The nutmeg and mace grow together and come from the Isle of Banda. The white sandalwood cometh from the island of Timor."

But Linschoten, formerly in the service of the Archbishop of Goa, was now back in Europe preparing his *Reysgeschrift* and *Itinerario*; the dominie, Peter Plancius, had succeeded in copying the Spanish and Portuguese charts; and, in 1594, on the return of an agent, Cornelis de Houtman, who had been two years in Lisbon spying out the latest information, the merchants of Amsterdam formed the *Compagnie van Verre* with a capital of f. 290,000 and in the following year despatched de Houtman with three ships and a yacht on an expedition to the East. He returned in 1597 after reaching Java, and the successful, though not profitable, outcome of the venture led to a fever of speculation. Within less than five years ten companies had been formed, sending out fourteen fleets, 65 ships in all, of which 54 made the return voyage safely.

2. *Formation of the East India Company.* These companies were not merely private ventures, for it was both the strength and weakness of Dutch trade with the Indies that it was backed by the State and the civic corporations. Under Burgundian rule the States-General had never been more than a feudal council, with no fixed constitution, meeting infrequently, and with very limited powers; and the feudal overlords had encouraged civic autonomy as a counter to baronial privileges. Thus the companies were not only competitors in trade but instruments of civic rivalry. Experience soon demonstrated the need for a

common rule and policy; circumstances did not permit of competition, and monopoly was a condition not merely of profit but of trade. Europe wanted only a few commodities, spices, pepper and so forth, and the Spice Islands wanted even less from Europe, practically nothing but fire-arms. They also wanted rice and cloth, but not from Europe. Rice was their chief need, for the islands were densely populated and grew no food but a little sago. But they could still, as always, get their rice from Mataram, and the Dutch could get this, even for their own food, only by favour of the local authorities; the people did not use money, and the Dutch had nothing that they could offer on favourable terms but cloth from Coromandel. The market for cloth was limited and, when the people had all the cloth they wanted, they had no wish to sell, or even to cultivate their spices. It was as if they would sell ten pounds at a shilling, but only one pound at ten shillings. Thus, vessels which brought cloth often found it difficult to buy spices, and there could be no certainty of trade without some common policy in buying.

For trade to be profitable it was equally essential that there should be a common policy in selling. Capital was scarce, returns were slow and speculative, and, without a prospect of high profits, the risk was not worth taking. Also, the ships were few and small, and the cargo, unless very valuable, would not pay expenses; but the demand for costly luxuries was elastic and the price fell rapidly if large quantities were marketed, whereas restrictions on supplies led to high prices, as was shown in 1599, when the Dutch were able to raise the price of pepper on the London market from three to six or eight shillings a pound.

Combination was essential for still another reason. There was no machinery for foreign trade; there were no consular reports, admiralty charts or pilots, but each vessel had to venture, almost haphazard, through unknown seas, and grope its way along strange shores; only by pooling in a common stock the knowledge thus painfully acquired was rapid progress possible. Thus, a common policy was needed not only in buying goods and selling them, but also in the conduct of the trade. Combination was essential; and this implied monopoly.

The Dutch would have had to monopolize supplies, even if they had been free of competition; their competitors rendered it more necessary. The Dutch had to face Mataram, Mahommedans from Achin, Portuguese and Spaniards: the corner in pepper of 1599 led to the formation of the English Company in the following year; and in 1601 a French expedition to Bantam led to the formation of a French East India Company in 1604. All these competitors, like the Dutch, wished to secure a monopoly of trade; monopoly therefore meant war, and war gave a new reason for monopoly, because the cost of armaments had to be met from profits. "You cannot have trade without war, or war without trade",[2] said Coen, the founder of the Dutch Empire in the East. Neither the Dutch nor their competitors wanted territory; but they wanted trading grounds and, to secure these, there had to be some central authority with sufficient power to enforce discipline among its servants and agents, to negotiate treaties with native rulers and to drive off foreign rivals with a strong hand. Unless, as with Portugal and Spain, the trade was managed by the Crown, it was an essential condition of success that all those participating in it should be joined together in one company endowed with sovereign powers by a charter from the State.

There was only one argument against amalgamation, the seemingly invincible prejudice of Dutchmen against co-operating, or even agreeing with other Dutchmen. A long tradition of rivalry and particularism divided the provinces and cities, and even the tact and perseverance of William the Silent had barely sufficed to join the States against the might of Spain in an Act of Union that was in intention little more than a bond of alliance between sovereign States. That was no further back than 1579, and, when the great statesman Oldenbarneveld set himself to amalgamate the companies, he had to allay the mutual suspicions of rival provinces and cities for the common welfare of a State which during his boyhood had not yet come into existence. By conferring a monoply of the eastern trade, subject to a few temporary and provisional restrictions, on those who would subscribe to the formation of a United Company, he managed to group all those interested into six Chambers to which in 1602 he granted a common charter. The marginal

table shows the amount of capital subscribed by each Chamber, and this, together with an allotment of a share of f. 25,000 to the States-General in recognition of the charter, constituted the original capital of the Dutch East India Company. Thus the Charter of 1602 was not merely a statement of the terms on which certain privileges are conceded by the State to a mercantile corporation; it was also, and primarily, a contract between autonomous mercantile bodies, stating the terms on which they agreed to join with a view to obtaining common privileges.

Capital (guilders) of the Dutch East India Company.

Chamber	Subscriptions
Amsterdam	3,674,915·0
Zeeland	1,300,405·4
Delft	469,400·0
Rotterdam	173,000·0
Hoorn	266,868·0
Enkhuyzen	540,000·0
	6,424,588·4
Plus share of States-General	25,000·0
	f. 6,449,588·4

(K. de Reus, p. 175.)

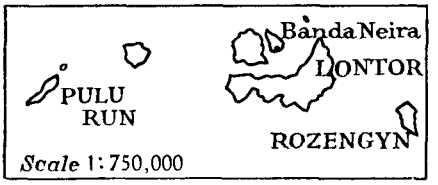
In theory the charter constituted a governing body in Europe, "a gathering or college of the Chambers, to consist of 17 persons, meeting as often as should be necessary". This shadowy body, known usually as the Heeren XVII, was nominally responsible to three different authorities: the States-General, the Constituent Chambers, and the Shareholders. But at first each Chamber acted separately, and the so-called United Company resembled "a combine of six autonomous bodies in alliance for a special purpose rather than a single corporation".[3] Then, within a very few years, one can trace the beginning of a process which converted the rival Chambers, loosely subject to the States-General and the Heeren XVII and ultimately responsible only to their shareholders, into a single organism under a close hereditary bureaucracy, independent alike of the States-General, the Directors and the shareholders, and acting through a small permanent committee presided over by the *Advokaat*, an official of the Chamber of Amsterdam. During the early years there was no common government in India, but in 1609 a Governor-General and Councillors were appointed. Then, gradually, control, except in matters of trade, passed from the home government to the Governor-General. Almost from the very first the States-General ceased to exercise any authority over the Company, and the renewal of the Charter at irregular intervals,

often of long duration, was treated as a formality; in 1749 a wave of popular resentment against the civic bureaucracies led to the appointment of the Stadhouder as Supreme Director, but this was brought to nothing by his death soon afterwards. Thus from the outset the Company was, as Baasch remarks,[4] a State within the State, and far more independent of the States-General than the English Company was of Parliament.

3. *Establishment of Dutch Supremacy.* The Company did not want territory, but it wanted to preserve the Spice Islands as a private trading ground; "the island of Banda and the Moluccas" wrote the Directors, "are the chief mark at which we shoot".[5] This led inevitably to territorial expansion. In order to secure its trade with the Spice Islands the Company had to establish a base in Java; to make this base secure it had to annex and rule the adjacent area; there followed naturally the building up of buffer states which would admit its suzerainty, and the reduction of independent states to a position of dependence. Thus, although the Company started as an association of merchant adventurers, dependent on the favour of native rulers for their trade, it gradually became a merchant prince, the supreme political power in the archipelago, and dependent for its revenue mainly on tribute.

For some years, however, the Company was more at home at sea than on land, and its activities were aptly symbolized by its seal, a sailing ship, and its motto: "Therefore plough the sea."[6] During this period its chief officers, the so-called "Travelling Governors", had no fixed residence and were mainly concerned to sweep the archipelago of rivals. Even before the coming of the earliest Dutch fleets the Portuguese power had collapsed, and by 1604 the Dutch gained such mastery that no man dare budge forth or adventure anything. In 1605 the Dutch effected their first settlement by driving the Portuguese out of Amboyna. But the Portuguese still held Malacca, and the Spaniards in the Philippines had an outpost in Tidore; they were no longer aggressive, but it was unwise to molest them rashly. It was indeed unnecessary to molest the Portuguese, who were penned up in the Straits; but the Spanish Governor in Manila could choose his own time for swooping down on the Dutch stations. Despite the Truce concluded with Spain in 1609 hostilities

continued, because the Spanish Governor denied all knowledge of it, and, although the Dutch held their ground, they made no headway; in 1613 an attack on the Spanish fort in Tidore was beaten off, in 1616 they sustained a disaster in the Bay of Manila and a renewal of the attack in 1617 was also unsuccessful. No rival could hope to oust the Portuguese and Spaniards without a stronghold such as they possessed. The Dutch saw this, and the Directors of the Company in 1609, when appointing Both as their first Governor-General, instructed him to acquire "a convenient place and, for our contentment, a fort, which shall serve as a rendezvous for our whole Indian navigation".[7] There was still no mention of territory; but, as Both brought out preachers, craftsmen and 36 women, the intention was, apparently, to found a colony like Goa.



The Banda Islands.

No rendezvous could be convenient if it did not command the Sunda Straits, the side door into eastern waters. The obvious site was Bantam, the first port of call within the archipelago for all ships which did not come by way of Malacca, and the Dutch, English and French all opened factories here before the foundation of the Company. In 1608 the Moslem Governor was murdered, and his successor tried to play off one nation against the other. He was too powerful to attack, and the Dutch turned to Jacatra, an adjacent province, where the Regent, an adherent of the murdered Governor, was ambitious of gaining his independence; but, whereas the Regent would allow them to build a fort only if they withdrew from Bantam, the Dutch wanted to maintain a footing in both places so as not to depend wholly upon either. Negotiations dragged on, and in 1614 the English followed them to Jacatra. This brought matters between Dutch and English to a head. From the beginning of the century the English, though far inferior in strength, had been following

the Dutch round the archipelago, pursuing them like gadflies. In 1602 Lancaster settled a factory at Bantam; in 1604 Middleton opened relations with Amboyna and Banda; in 1609 the English sat down alongside the Dutch factory at Sukadana in Borneo; in 1609–10 they encouraged the inhabitants of Banda in an attack on the new Dutch settlement, as yet unfortified, and they were causing trouble in Macassar and even at the seat of Dutch power, Amboyna. But the station at Jacatra was an open challenge to a direct trial of strength, and its significance was emphasized by the establishment at the same time of posts in Sumatra, not only at Tiku and Jambi along the north coast, but at Achin, a vital spot in the line of communications between Bantam and the West. Coen, then Director at Bantam and Jacatra, and rightly honoured as the founder of the Dutch Empire in the East, took up the challenge, and warned the home authorities in the letter quoted above that they must be prepared to fight. The next ten years were to decide whether the Dutch or English should be masters of the archipelago.

It was the French, however, who precipitated a decision. The French East India Company, founded in 1604, did nothing till it was reorganized in 1615 when two ships were sent out; another fleet, arriving in 1617, was received so favourably by the Governor of Bantam that Coen resolved to make Jacatra his headquarters despite the presence of the English, and began building his fort there without permission from the Regent. Thereon the English, with the Regent's approval, fortified their own settlement; and Coen, hearing that an attack on his position was contemplated, took the initiative and destroyed the English stronghold. By this time the English were trading openly with the Spaniards, and in 1617 they drove off two Dutch ships which threatened their station in Pulu Run. Coen retaliated by a proclamation in 1618 closing Banda, Amboyna and the Moluccas to all English ships. The home authorities were apprehensive of the results of open war with England, but Coen now Governor-General designate wrote them (29 September 1618) a letter which still serves for encouragement and inspiration to his countrymen: "Do not despair", he said, "nor be troubled for your enemies...something great can be done in India...and it can yield rich profits year by year."[8]

He soon had to back his bold words by deeds. Before the year closed two English fleets, 15 ships in all, arrived off Bantam, captured a Dutch vessel and boasted that they would drive the Dutch out of the archipelago. Coen had to face them in Jacatra with no more than 7 ships and a half-built fort. But he warded off their first attack, and then sailed to collect reinforcements from the Moluccas, leaving a garrison to defend the fort against the combined forces of the Regent, the English settlement and the English fleet. The commander of the fort bought over the Regent; but the English bought him back again, and were about to attack the fort when the Governor of Bantam intervened. He liked the Dutch as little as he liked the English, but still less did he like the prospect of a powerful and independent Regent in Jacatra; he threatened that, if the English joined Jacatra, he would burn their settlement in Bantam. These parleys allowed Coen time to collect his forces; on his return in May 1619 with 16 ships and a yacht the English fleet hurried back to protect their posts in Bantam, leaving Coen a free hand to impose Dutch rule in Jacatra. His report is a paean of triumph. "In this conflict we have driven the men of Bantam out of Jacatra; *we have gained a foothold and dominion in the land of Java.* Their wickedness is rightly punished. It is certain that this victory and the flight of the high and mighty English will make a great noise throughout the whole of India. The honour and reputation of the Netherlands people will wax high. Now every one will seek to be our friend. *The base, the rendezvous, so long desired has now been laid. A large part of the most fertile land and most prolific sea in India is now yours.* May I entreat Your Excellencies to send promptly many people and all things necessary that we may build a royal fort and town, such as Your Excellencies have projected."[9] By his courage and energy he had secured the fortunes of his settlement, and laid the foundations of Dutch dominion in the East.

He followed up this victory by destroying an English fleet of four ships off their settlement at Tiku, and next year drove them from Pulu Run and other islands in the Banda group where they were still trading with Macassar. But his masters in Europe had more respect for English arms. By a treaty concluded in July 1619 the English were allowed a share in the trade; each

party was to keep its own forts, but they were to join in resisting Portugal and Spain, and to share in forts built subsequently. When Coen heard of this arrangement he wrote, in May 1620: "The English should be very thankful to Your Excellencies, for when they had helped themselves out of India, you have put them back."[10] In pursuance of this treaty the English placed a factory in Batavia, the name which Coen had given to Jacatra. But no treaty could put them on a level with the Dutch. The capital of the English Company was little over £30,000 against the £500,000 of the Dutch Company; between 1602 and 1610 the English sent out 17 ships and the Dutch sent 60. This disparity continued, and Coen, when at full strength, had 83 ships against an English fleet of 28 ships and a yacht. In 1621 he invited the English to join him in an expedition to secure once for all their joint monopoly in the Moluccas; but he knew that the English had no ships to send, and was able therefore to sail without them. He laid waste Banda, showing the natives who were their true masters by massacring all those who had sided with the English, and he devised new arrangements in Amboyna.

It was here that the growing tension came to a head in the tragedy that after three hundred years is still known to English historians as "the massacre of Amboyna" and to Dutch historians as the "massacre" of Amboyna.[11] In this stronghold of Dutch power five English factories carried on their business under Dutch rule. Early in February 1622–23 the conduct of a Japanese recruit excited the suspicions of the Dutch Governor. Under torture he confessed that there was a plot among the English and Japanese to seize the fort with the help of the slaves. Other Japanese likewise confessed, also under torture. According to the Dutch version the English made similar confessions, and one of them, Collins by name, who was less courageous or more honest, made his confession without torture. Ten Englishmen, nine Japanese and the captain of the slaves were sentenced to death on 9 March and executed the same day, but two men, Collins and one Beaumont, were sent to Batavia. Here Collins, who seems to have had better wits than his companions, escaped to the English, and Beaumont, after making a full confession to the Dutch Government "without bonds or torture", was

made over to the President of the English factory. This "most bloody and treacherous villainy" caused a great stir in England, where the tortures were set forth "lively, largely and artificially" in contemporary prints. Enquiries were held with a view to redress. Among the witnesses examined was Forbes, an English steward in the Dutch House at Amboyna, who had been called in to take down the confession of the leader, Towerson, and others. According to his account the English would not confess "notwithstanding the extreme torture which they were put unto, both by water and burning wax candles under their armpits, hams and soles of their feet". As the Dutch "could not prevail by this extreme manner of torturing, they did imagine that they had some enchantment concealed about them, and therefore caused to search their bodies very narrowly, and to shave the hair of their heads, beards and privy parts". And a Welsh Englishman, also used in writing the confessions, told Forbes many times that the Dutch made him put in some words after their death. Forbes pronounced the plot "a thing utterly impossible and unlikely ever to be thought of", and the contemporary English verdict was that the men were innocent and the proceedings "unjust and execrable". But it is noteworthy that Forbes remained in Dutch employment for another three years, and Dutch historians contend that, except perhaps for faults of procedure, such as undue haste in the judgment and sentence, the men were duly tried under Dutch law. Although, they argue, Towerson and another are said to have left documents stating that their admissions were solely due to torture, the authenticity of these recantations may be questioned, and in any case, the question remains what weight they carry against the free confession of Beaumont. "Yet the English still regard it as a 'massacre'."[12] It is certain, however, that the English traders no longer felt secure under Dutch rule, and they hastily abandoned their settlements and took refuge in Lagundi; the Dutch had rid themselves once for all of their most dangerous rivals, and when, in 1628, fever in Lagundi drove the English back to Bantam, they never recovered the ground which they had lost. The French also ceased to offer any serious challenge to Dutch power; they maintained a small factory in Bantam and carried on a little trade with Sumatra, Celebes and Japan.

Finally in 1682, the extension of Dutch power over Bantam led to its abandonment by both English and French.

4. *Territorial Expansion.* By obtaining their base in Java and stalling off the English challenge the Dutch became masters of the archipelago; necessity compelled them, reluctantly and piecemeal, to transform mastery into dominion. Here it must suffice to notice the main stages. The Spice Islands were still the centre of their aim but, in order to hold the Spice Islands, they must close the seas. Van Diemen, the first great captain after Coen, saw this; and in 1640 by the conquest of Ceylon he isolated Malacca, which fell to the Dutch next year, thus giving them control over the main gateway. Banda had already been pacified by Coen's expedition of 1621, when all the inhabitants who could not escape were put to the sword or reduced to slavery, and their lands distributed in "parks" among servants of the Company and others on condition of supplying the Company with all their produce. Elsewhere production was supervised by "inspection tours", known to the people as *hongi* raids, raids by an armed fleet, a form of piracy in which all produce in excess of Dutch requirements was destroyed. "Destruction, resistance, reprisals was the monotonous story of the Moluccas."[13] This led in 1647 to the final absorption of Amboyna, which secured full control over its cloves. That was the limit of territorial expansion outside Java. But a massacre of the Dutch by the subjects of Ternate in 1650 led in 1657 to an arrangement with the ruler that henceforth the cultivation of cloves should be confined to Amboyna and the Uliassers, and that of nutmeg to Banda; this restricted the cultivation of spices to the islands under the direct rule of the Company. It was easier, however, for the ruler of Ternate to make this agreement than to enforce it, for since 1640, in proportion as his influence declined, that of Macassar had been growing. The reduction of Ternate to dependence led therefore to conflict with Macassar, which dragged on until by the Bongaya contract of 1667, confirmed in 1669, the ruler of Macassar allowed the Dutch to occupy the town, agreed that produce should be sold to no other people, and granted them a monopoly of the import of manufactures and Chinese goods. Meanwhile in 1663 the Spaniards had withdrawn from the Moluccas. But, just as

dacoity follows the subjugation of a land power, so does the defeat of a sea power lead to piracy. This broke out like a plague when the occupation of Malacca brought about the destruction of Achin, and again on the downfall of Macassar, so that the Dutch found it necessary to station fortified posts at convenient centres, notably Ternate, Macassar, Banjermasin in Borneo, and Palembang in Sumatra; Padang was also occupied with a view to ensuring supplies of pepper. But nowhere, outside Banda and Amboyna, did the Dutch hold more than the site of their factory or, at most, the town and its immediate precincts; only in Java did they extend their territorial possessions.

The conquest of Jacatra gave the Dutch a strip of land between Bantam and Cheribon from the north sea to the south. In 1625, when the ruler of Mataram, after seizing Madura and Surabaya, styled himself Susuhunan, the Dutch position became critical, and for some twenty years it was only by playing off Bantam against Mataram that they could hold their own; but the conquest of Malacca was a death-blow to such native trade as still survived in Java, and so far weakened the native princes that from 1645–46 neither Bantam nor Mataram gave serious trouble, until, especially after 1669, exiles from Macassar aroused their discontent. Part of the trouble was that both Bantam and Mataram pretended to rights over Cheribon and East Priangan, and Krawang was a no man's land, a refuge for the desperate. When the people from Macassar first stirred up trouble in Bantam the Dutch were too fully occupied to intervene, but, after dealing with Mataram in 1678, they took such rigorous measures against Bantam that in 1680 the Sultan declared war. His account was speedily settled and by an arrangement in 1682, supplemented in 1684, he agreed to expel all foreign traders, other than the Dutch; surrendered his pretensions to Cheribon and, apparently, Priangan; and accepted responsibility for the war-costs, on condition that he need pay nothing so long as the Dutch enjoyed the monopoly of pepper and of importing manufactures. This gave the Dutch complete mastery over Bantam, and when, after further troubles in 1752, the Sultan formally accepted Dutch suzerainty, the change was merely nominal.

In Mataram progress was more gradual; not only was Mataram larger and more powerful than Bantam but, whereas Bantam was merely a commercial rival, the Dutch were largely dependent on Mataram for food. In 1646 a new Sultan, in return for recognition of his suzerainty, agreed that Javanese boats should be excluded from the Spice Islands and should only voyage to Malacca if furnished with a Dutch permit; after that, peace obtained until 1675. It was in part because Dutch food supplies were threatened that they came to aid the ruler when a pretender, with the help of refugees from Macassar, seemed likely to oust him from the throne. In 1677, in return for their help, he closed the ports of Mataram to all other nations and in 1678, after further trouble, he ceded to them Krawang and part of East Priangan, which had sought Dutch protection against Bantam in the previous year; made them a grant of Semarang, and mortgaged to them all the other ports along the northern coast as security for the expenses of the war; and gave them a monopoly of the import of opium and of Indian and Persian manufactures. Then in 1705 the First Mataram Succession War led to the cession of the remainder of Priangan, and of East Madura, which had acknowledged Dutch suzerainty since 1683, and the surrender of all claims over Cheribon. In 1733 the Sultan acknowledged the assistance of the Dutch in ridding him of a too masterful Prime Minister by contracting to supply a tribute of rice, and forbidding his subjects to grow coffee, as the Priangan supplies were by now sufficient for the whole market. Fresh trouble in 1743 occasioned the transfer to Dutch suzerainty of the rest of Madura; the Regencies of Surabaya, with its commodious harbour, and of Rembang and Japara, valuable for their teak; the Oosthoek, the south-east corner comprising Pasaruan and Bezuki; and a strip of 600 rods (*roeden*) along the coast and all rivers. Dutch rule did not become effective in the Oosthoek until 1774. In the meantime, on the partition of Mataram in 1755 between the Susuhunan of Surakarta and the Sultan of Jogyakarta, both these new rulers recognized the Dutch as overlord. Under the Company there were no further extensions of territory.

5. *Organization.* From the above account it will be noticed that, in Java as in the outer islands, the Company aimed above

all at trading privileges; only with reluctance and in order to control the trade did it extend its rule, first over the ports, and then along a narrow coast line, and not until the middle of the eighteenth century, when the trade in spices was losing its importance, did it assume the privileges of sovereignty so far as was necessary to obtain produce from Java. That was its conception of sovereignty; for never, outside the limits of its settlements and factories, did it accept sovereign responsibilities; "its polestar was profit and its lodestone greed".[14] In the First Statutes of Batavia, 1620, Coen appointed a *bailliu* (magistrate) for the whole of Jacatra to the south sea; but then and for many years later at an hour's distance from Batavia the interior was still jungle, a refuge for bad characters; in order to reclaim the country large estates were granted or, later, sold, to private individuals although the concessions included quasi-sovereign rights over the inhabitants. This area round Batavia, known as the *Ommelanden*, was not governed through regents, but was directly under Dutch rule; Priangan was made over to regents, servants of the Company who, in effect, were petty feudal lords; in the coastal districts from Tegal to Bezuki, the regents were vassals of the Company as formerly they had been vassals of Mataram; in Bantam, Cheribon and Madura the Sultans could boast a fictitious independence; and in Surakarta and Jogyakarta the princes were independent but in subordinate alliance with the Company. Thus there was a gradation of control from direct rule over the environs of Batavia to suzerainty over the Native States; but the normal unit of administration was the regency.

The regents had to obey all orders by the local representative of the Company, but these, with few exceptions, bore on commercial matters,[15] especially the delivery of produce such as timber, cotton, indigo and coffee; from 1706 the Company reserved the right of appointing the subordinate officers of the regent, and it became the practice for one of his chief executive officers, the *buiten bepatti*, to be a Dutch nominee, and from about 1750 there was a growing tendency to encroach on the judicial and other powers of the Priangan regents; but ordinarily so long as the regents complied with Dutch requirements for supplies, they were left to rule their subjects as they liked,

strong in the support of the Company if their high-handedness should cause unrest.

This quasi-feudal nobility administered the possessions of the Company under the supervision of its European servants. "During 150 years, for three-quarters of the Company's rule, the Government of Batavia stood at the head, not of a territory, but of a series of widely scattered establishments, factories and forts, from Japan through Cochin China and the Archipelago to Continental India and the Cape; and although from the time of Van Imhoff (1743–50) the mercantile system was nominally replaced by a territorial system, the Company still appeared to the native over most of the East as the Director of scattered stations, or as the Overlord of native princes."[16] All the European servants of the Company, below the Governor-General, whatever office they might hold, were ranked according to their status as mercantile employees; they were Upper Merchants, Merchants, Junior Merchants, Bookkeepers or Assistants. The High Government consisted of the Governor-General and a varying number of Councillors of India (*Raden van Indië*), including the Director-General of Trade as head of the executive and second in importance only to the Governor-General himself. Outside Batavia there were nine Governments: Ternate, Coromandel, Amboyna and Banda from 1617; then, as conquered, Ceylon, Malacca and Macassar and, after its settlement in 1652, the Cape of Good Hope, and, from 1668, the North-East Coast of Java; the last of these was enlarged in 1743 and 1746 and became by far the most important. At the stations where the Company had no territorial possessions the chief officer was either a Director (earlier President), Commandant, or *Opperhoofd*; but the representatives at native states, and subsequently other officers in direct relations with native rulers or regents, came to be styled Residents.

For the most part the functions of these officers in respect of the natives were purely commercial, but in respect of Europeans the chief officer everywhere had criminal and civil jurisdiction over the servants of the Company and over other Europeans, if any. Thus, from the earliest day, there was a dual system of administration with law courts for the Europeans and native justice for the people; to this general rule, as ex-

plained below, there were a few exceptions. In Batavia there was a Court of Justice with a bench of judges, sometimes termed the Supreme Court, which had jurisdiction over servants of the Company and might revise the orders of inferior courts, and there was a Court of Aldermen (*Schepenen*) with jurisdiction over Europeans (other than Company servants), and also over natives and Chinese resident within the town and, to some extent, over those of the adjacent territories. Outside Batavia the head local officer disposed of judicial matters with the assistance of a bench, consisting of servants of the Company. All these courts administered Dutch law with some local modifications as contained in the Statutes of Batavia (1642) and the New Statutes (*c.* 1760); the procedure in respect of the Company's servants was regulated by the Article Brief, originally based on the Naval Regulations or martial law.

To the general rule that the Company did not interfere in native life there were certain exceptions. From very early days a tribunal at Amboyna under a European President took cognizance of native cases; this was the first native court or *landraad*. After the enlargement of the Government of the North-East Coast in 1746 the Governor, with the assistance of a bench of regents, disposed of important cases, chiefly those in which the interests of the Company were concerned, and there is mention of a similar court under the Resident in Cheribon. In the *Ommelanden* of Batavia and in the Preanger an officer specially appointed to deal with the people, the Commissioner for Native Affairs, came to exercise extensive powers. In 1747 the Landraad for the North-East Coast was directed to apply Native Law so far as consonant with European ideas, perhaps a first concession to humanitarianism, and shortly afterwards certain treatises on Mahommedan and Chinese Law were recognized as authoritative. But all interference with native justice was exceptional, and this was also the case in respect of the Chinese, who, as formerly under the Portuguese, were placed under Chinese headmen. In this matter the Dutch, like the Portuguese, were merely following the general Eastern practice in the great markets, where each people had its own rulers.

In one aspect of native life, however, the cultivation of produce for the export market, there was a gradual but growing en-

croachment by the Company. This started in 1681 when the police sergeant in charge of a certain outpost was charged to see to the cultivation of produce which was due to the Company. During the eighteenth century similar duties were assigned to two other post-commandants, and all three were placed under the Commissioner for Native Affairs; gradually their military and police duties were overshadowed by their civil functions and they became known as overseers (*Opziener*) or, colloquially, as coffee-sergeants. From 1704 ex-soldiers were sent round to see that the people were complying with instructions to plant indigo and in course of time the appointment of such overseers became customary; for cloves in Amboyna, for cinnamon in Ceylon, for pepper in Bantam from 1763 and for coffee in the Preanger from 1777. During the last quarter of the eighteenth century there were usually three or four of these "coffee-sergeants" in the Preanger; before long it became the practice for them to keep an eye on the regents and report their misdeeds and, as we shall see, they were the germ from which one of the distinctive and characteristic features of Dutch rule in the tropics has developed.

6. *Revenue*. The income of the Company, as originally conceived, came from its trading profits. But, when the merchant adventurer became a merchant prince, trade gave way to tribute as the main source of revenue. In the treaty with Mataram in 1677–78 the Susuhunan promised to supply 4000 measures of rice annually at the market price; a little later the Sultan of Bantam was required to deliver all the pepper in his realm at a fixed price per pound, and at about the same time the Preanger regents were required to supply free of cost certain quantities of pepper, indigo and cotton yarn. Here we can see the origin of the Forced Deliveries and Contingencies. In theory Forced Deliveries were trading contracts exceptionally favourable to the purchaser; payments in kind, made under compulsion, but nominally on an economic basis, tribute disguised as trade. Contingencies were tribute undisguised, except that the payments were made in kind and not in cash. In practice, however, there was no distinction between these two sources of revenue, which together formed the bulk of the Company's income. The Company also enjoyed the profits of ordinary trade; the sale

proceeds of enemy property; judicial fines and other forfeits; and, most important, the proceeds derived from the farming of tolls and lands, mainly to the Chinese. The contingent in rice from Surabaya has been estimated at about 5 per cent. of the total produce,[17] and other contributions in kind were presumably on much the same scale. The Natives were also liable to render compulsory services, which may be regarded as a substitute for taxation.

Thus the revenue was for the most part collected in kind; the comparatively small amount collected in money came chiefly from Europeans, who alone were subject to general direct taxes in money, and were the chief contributors under most heads of indirect taxation. The normal practice was that Europeans paid taxes and the Natives tribute. The principal heads of taxation were the Customs Duty, dating from 1620; the Succession, or Death, Duty from 1640; the Stamp Duty from 1657; the Militia Duty, and the *Heerengerechtigheid*, a tax on the registration of property. Although both Europeans and Natives were equally liable to indirect taxation, comprising chiefly customs duty, harbour fees, market tolls, various *octroi* charges and the arak-farm, the first two of these heads were almost wholly European in their incidence as there was no market for imported goods among the Natives, whose main function was production; the arak-farm, however, touched them as consumers. The Natives did not wholly escape direct taxation, as in certain regions they were liable to a capitation tax, sometimes, apparently, levied only from non-agricultural classes, the *kalangs* (smiths and forest workers); but in 1773 a whole Regency paid no more than f. 600 under this head and other regencies on much the same scale; still, it must be remembered that rice then sold for f. 1 a bushel, or f. 25 a ton, so that the tax was heavier than it sounds. Also it must be borne in mind that the legitimate dues of the Company formed only a small part of what the people paid; as much, and perhaps more, went into the pockets of the European and native servants of the Company.

7. *Economic Policy*. The concentration on tribute in kind was a natural development of the basic principle of monopoly, which, as already noticed, was a condition not merely of profit but of trade, and although the practice of the Company varied from

time to time and place to place, its policy remained the same throughout its history. For the primary object of trade it became necessary first to regulate production, and then to encourage production. During most of the seventeenth century the Company was mainly concerned to regulate the production of spices; but it also encouraged the cultivation of sugar in its territory round Batavia, and of pepper in South Sumatra and Bantam. This policy had a negative side; the suppression of the cultivation of spices elsewhere than in its own possessions, and the total exclusion of Mataram, the greater part of Java, from commercial relations with the outer world, and especially the trade in rice with the Moluccas, where the people could manage well enough on sago. Later on, as it expanded over Mataram, it undertook the regulation and encouragement of local products; teak, indigo, and coffee, and of rice so far as this was needed for its own requirements. Thus the archipelago became one vast estate, literally, a plantation. "On a small scale", says Baasch, "the Company was an image of the Republic; both were in effect financial and commercial powers" (*reine Geld- und Wirtschaftmachten*).[18] It attempted to regulate in the closest detail the production of profitable crops. A few instances will illustrate its methods.

In 1656 the people of Amboyna, to which, with the Uliassers, clove cultivation was confined, were made to plant 120,000 more trees, and two years later another 60,000, but in 1667 further planting was forbidden, and in 1692 and again in 1697 trees were cut down. In the middle of the eighteenth century fear of a shortage led to more planting, but within a few years the area was again reduced to avoid a surplus. By this time, however, the English and French had broken the Dutch monopoly by cultivating spices in their own territories and the crop was losing its importance.*

The coffee crop was similarly manipulated. Although in 1616 the first Dutchman to land at Mocha noticed a bean "used to make black water which they drink warm",[19] it was not until 1661 that coffee was brought to Holland. From 1696 attempts

* It is worth passing notice that in recent years the manufacture of native cigarettes in Java has led to a great demand for cloves, but these are imported from Zanzibar and not from the Moluccas.

were made to cultivate the plant in Java, and in 1713 the first consignment, 2000 pounds, of Java coffee was shipped home. At 10 stuiver a pound the natives took so keenly to the crop that the supply threatened to outstrip demand, and the price was reduced to $2\frac{1}{2}$ stuiver, whereon the natives began to cut down their trees, even though penalized. Production fell so greatly that after three years compulsory cultivation was introduced, and the price raised. Five years later, when the price of pepper rose, the people were made to substitute pepper for coffee and the coffee plants were rooted up. In 1738 it was decided to reduce the area under coffee by one half, and in the following year the quantity which the Company would take was fixed at 2·7 million pounds. Just afterwards it was ascertained that in the Netherlands alone there was a market for 6 million pounds, and in 1740 the quota was fixed at 4 million pounds; but the price received by the cultivators was so low that in 1751 the supply was less than 1 million pounds. Seeing that coffee takes four years to reach maturity, these sudden changes made it quite impossible for the cultivators to work on economic lines.

Coffee also illustrates another aspect of the methods of the Company. In 1764 it was decided that the pikol of coffee for shipment should be 126 pounds but for buying it should be 140 pounds; the difference, nominally representing dryage, being in fact a perquisite to the officials. A further allowance was made on account of the loss between the local warehouse and Batavia, which was fixed in 1777 at 6 pounds and raised arbitrarily in 1797 by another 14 pounds, so that for every 126 pounds shipped the regent was required to supply 160 pounds, and, as 14 pounds covered the remuneration of the cultivator, the ingenious device of 1797 gave the Company its coffee for nothing. The regents followed the example of the Company and fixed the equivalent of the pikol at their own pleasure from 240 to 270 pounds. The net result was that for every pikol of 126 pounds shipped, the cultivator had to supply 240 to 270 pounds and was paid the equivalent of 14 pounds.

Sugar cultivators were not quite so unfortunate. Although sugar was grown along the coast from Jacatra to Japara before the Dutch came, the demand was in excess of the supply, and the deficiency was made good by imports from China and Siam. The Dutch set themselves to encourage cultivation in their own

territories, especially by Chinese immigrants. In 1637 the excise duty was remitted and it was decided to make advances to manufacturers, so that the out-turn, then only 196 pikol, rose by 1653 to 12,000. As usual, the Company lowered prices when supplies increased, and it would not fix the quantity that it would take, although growers had to supply the Company with all that they grew. But it had not so much control over sugar as over coffee, as there was a large local demand, and the manufacture of sugar had wide ramifications, furnishing employment to the kilns and timber yards; moreover sugar was required for arak, which was an important article of commerce with the interior. Thus the Chinese cultivators and manufacturers of sugar were in a stronger position than the peasants who grew coffee and, being Chinese, had a keener economic sense and greater powers of resistance. The cultivation of sugar therefore tended to expand, and by 1710 there were 130 sugar mills in the Batavian lands alone and, apparently, others in Cheribon and Bantam. It was not, however, until the end of the eighteenth century that the cultivation of sugar outside the Batavian lands was encouraged, and the Chinese then began to take over large areas from the regents in Cheribon and along the north coast, and work them with forced labour, which had such ill consequences that it has ever since remained a tradition of Dutch rule that natives should not be allowed to alienate land to foreigners. The production of sugar seems to have reached its maximum in the middle of the eighteenth century but in 1779 it was still close on 100,000 pikol.

8. *Economic Progress.* According to Raffles, desolation and ruin tracked the steps of the Dutch power,[20] and, in the outer islands and especially in the Moluccas and Celebes, this summary condemnation is not undeserved. For some years after the extirpation of the Bandanese the new Dutch colony of "perkeniers" enjoyed an easy and profitable life, but this was largely because of the clandestine sale of nutmeg to outsiders and, when strict measures to prevent this were taken during the eighteenth century, they rapidly became impoverished. Amboyna "could produce more cloves than the whole world could consume"[21] and the Dutch therefore encouraged the King of Ternate "with annual respects and courtesies" to continue his war against Tidore, so that his people would be diverted

from the cultivation of cloves. In Banda they substituted slave labour for free cultivation by peasants, and by cutting off the supply of rice from Java, they reduced the people from a diet of rice to a less nutritious diet of sago. On this food many died and more slaves were required. These were imported from so far afield as Arakan, but the archipelago itself was the main source of supply, and islands which grew no food raided neighbouring islands to capture slaves to be exchanged for rice; this led to reprisals and a growing insecurity of life and traffic. Even in Amboyna, which was under Dutch protection, the population is said to have fallen from about 150,000 to 50,000 and the output of cloves from about $3\frac{1}{2}$ million pounds to 1 million pounds.

In Java matters were rather different. Although during the seventeenth century the Dutch policy of suppressing Mataram killed its trade and must have thrown large tracts of rice-land out of cultivation, the eighteenth century was probably on the whole an age of economic progress. The Dutch wished to encourage trade and production, and were therefore supporters of political stability. This led to a growth of population and an increase in the production of rice; there was certainly an increase in the production of sugar and indigo, and probably also of cotton, and the Dutch introduced not only coffee but also, it seems, ground-nut and agave. Coffee was grown under compulsion, sugar was grown for profit by the Chinese on large estates, and the larger population grew more rice for home consumption. It is difficult, therefore, to resist the conclusion that, even under the Company, Java was vastly more productive by reason of Dutch rule, and Van den Bosch, the great opponent of all that Raffles stood for, remarks with much satisfaction that, on the evidence of Raffles himself, the people of Java were a hundred years ahead of the Sumatrans in civilization.[22]

In the eighteenth century the products of the Spice Islands came to occupy only a minor place in the exports; pepper still formed a large share, but by this time coffee was the chief export and there were also considerable exports of sugar and indigo from Java and of camphor and cutch from the Outer Provinces, and the trade in China tea was as large as that in

coffee if not larger. The imports were cloth from Coromandel and porcelain from China, but practically the whole demand for European goods came from the Company and the European population, mainly servants of the Company; they comprised sail cloth, ropes and tar, fine cloth and cashmeres, coarse cloth for the army, provisions, wrought iron and steel, gold thread, jewellery and furniture, boots and shoes, saddlery and haberdashery. But while officials outrivalled one another in oriental luxury, drinking costly wines and dining off gold and silver services, the native market was neglected; though it must be remembered that ships were few and small, and had no cargo space for cheap goods.

The vessels sailed in fleets, usually three a year. From 1602 to 1625 the average number of ships was no more than 10 but from then until 1670 it averaged 22 and from 1671 to 1750 the average was 29. By that time, however, the ships were larger and mostly over 1000 tons, and from 1751 to 1780 the average fell to 26. The annual value of the produce sold reached f. 20 million towards the end of the eighteenth century.

9. *Social Economy*. This material progress was not accompanied by any corresponding advance in social well-being. The defects of Dutch rule under the Company have been painted in dark colours by writers of the Liberal School. But even the worst horrors of the Spice Islands could be paralleled a century later on the coasts of Africa and in the Middle Passage, and the Dutch Governor who left his large estate to his slaves, which their descendants own to the present day, affords a pleasant contrast to the English Governor, who took out "gentlemen of Wales and sold 'em, as he did his chaplain, to a blacksmith". Yet it is very difficult to say how far civilization may have advanced in Java as a result of Dutch rule under the Company, and in many ways it certainly deteriorated. The decline must have started before the coming of the Dutch; the Portuguese had already side-tracked Java, and Moslem rule undermined Hindu-Javanese civilization. But the Dutch completed what others had begun. The Portuguese merely left Mataram aside, the Dutch deliberately hemmed it in; of set purpose and with great vigour they suppressed Javanese commerce; merchants and ship-builders lost their occupation, and the fisheries and

forests were no longer profitable. The Javanese became a people of cultivators, and the economic content of their social life was stunted.

Most harm was done probably during the earlier days, when the Dutch were trying to break the power of Mataram. The suppression of the rice trade struck a vital blow at social order. A large export trade in rice is an almost certain indication of private property in land, because it implies cultivation for the market rather than for home consumption; but, when rice could no longer find a market, society must have tended to relapse to a more primitive state in which the personal relation of master and man was more important, and the idea of property in land grew weaker. At the same time cultivators who could no longer make a profit by cultivation became soldiers and dacoits, followers of military and robber chieftains, preying on wealth instead of producing wealth; territorial ties grew weaker and personal relations stronger, and society relapsed to a lower level.

The consolidation of Dutch rule tended still further to the weakening of native society. Under native rule authority was an expression of will and not of law, but at the same time it rested also on custom and consent; the strong man governed, but he governed by consent, even if consent was rooted in fear. It was the arbitrary use of power which struck the earliest Dutchmen. "May not a man in Europe do what he likes with his cattle?" wrote Coen;[23] "Even so does the master here do with his men, for everywhere these, with all that belongs to them, are as much the property of the master as are brute beasts in the Netherlands. The law of this land is the will of the King, and he is King who is strongest." But the Dutch failed to recognize how closely this power was limited by custom; there was much that a ruler could not do because he was not strong enough, and the Company learned gradually that, without the consent of the people, it could not impose a ruler on them. But the native prince or regent with Dutch power behind him was much stronger than he had ever been, much less dependent on consent, and far better able to act arbitrarily than former rulers who had depended solely on their own force of will. Thus, under the Company, the centre of gravity of the native social order

was displaced, and society was maintained in unstable equilibrium by the Dutch power acting from outside it.

Moreover, Dutch rule damaged not only the social structure but the mental outlook of the people. When reforms were agitated after the fall of the Company, it was often alleged that the Javan had no wish to better himself and, if paid more, would only work less. Yet on the first introduction of coffee, the crop spread rapidly so long as cultivation was remunerative. But the Company found it more profitable to resort to forced labour, compulsory cultivation and arbitrary destruction than to depend for produce on the law of supply and demand; the bitter experience of two hundred years dulled the economic sense of the people and, after living for two centuries in a land where the laws of economics did not run, it is not strange that they ceased to recognize them. Thus the economic life of the people was not merely stunted by the suppression of all economic activities but agriculture, it was also vitiated by the nullification of economic laws.

They were shut off, in fact, from all contact with the outer world. The Hindus and then the Moslems settled among the people, imparting to them their religion and civilization, and themselves gradually becoming Javanized. It was otherwise with the coming of the Dutch. Very few of the people ever saw a European; probably not many ever saw a Chinaman. Europeans, Chinese and natives lived each in their own world as constituent elements in a plural society.

10. *The Chinese.*[24] In this plural society, the Chinese were an important element. The Chinese had long traded with Java and it is to them that we are indebted for most of our information about matters of economic interest prior to the arrivals of the Europeans. But never until the rise of Dutch power did they enjoy a monopoly of certain economic functions in social life.

When the Dutch came to Bantam they found the Chinese quarter surrounded by a strong palisade and moat, containing the finest, and most insanitary, houses in the town, and the only stone building. Most of the Chinese were traders, but there were also cultivators of pepper and rice. There were Chinese likewise in Jacatra, where they imported rice and made arak.

The Dutch set to encouraging the Chinese as "an industrious, diligent and unweaponed people"[25] who without becoming dangerous might help them to make it the greatest trading centre in the East. At that time there were no more than 350, but the Dutch appointed a Headman, soon termed the Captain of Chinese, to whom in 1620 they gave a seat on the new Bench of Aldermen.

By the middle of the eighteenth century the Chinese were so wealthy and powerful as to constitute a danger to Dutch rule, and in 1740 the Dutch decided on sending off as slaves to Ceylon any who could not prove that they were making an honest livelihood. By accident or design some of the leaders were among those seized, and an outbreak followed during which the Chinese attacked the town; the Dutch came to suspect the Chinese inside the town of a secret understanding with those outside, and this led to a general massacre. After the excitement, however, 3431 still remained, including 1442 merchants, 935 cultivators and gardeners, 728 workers in sugar and timber, and 326 craftsmen, "which number was considered not too large but very necessary".[26]

The Chinese had in fact become necessary to both Dutch and natives as middlemen, and it was no longer possible, even if it had been desirable, to root them out. Ever since then, despite many attempts to replace them, their position has grown more secure. They gained in strength during the last half of the century when the Company took to farming out to them large areas, and in 1796 out of 8535 villages (*negorijen*) belonging to the Company 1134 were leased out to Chinamen.[27] This example was followed by the regents. On the Chinese estates near Batavia the people were better treated than elsewhere,[28] but in the villages leased to them only for a short period, the people were most miserable; for the Chinese were not landowners but overlords; it was not the land which was leased or mortgaged to them but the jurisdiction, and the land went with the people and not, as in Europe, the people with the land, so that they were able to exercise quasi-sovereign powers and the people were wholly at their mercy. Moreover, when the regent leased villages to Chinamen, his tribute to the Company had to be made good from his remaining villages, and the Company was

liable to suffer loss; this may explain why it was so sensitive to the sufferings of the people on these Chinese farms, and why a Report on the Chinese at the end of the eighteenth century describes them as "a pest to the country".[29] In every project for reform from that time forward provisions against the alienation of villages are conspicuous, and it became, and has remained, a fixed rule of Dutch policy that land should not be alienated to foreigners; a rule which has given protection to the natives but has emphasized the plural aspect of society. This has cut both ways. Without such protection the Chinese would probably have swallowed up the natives, but on the other hand they might themselves have been assimilated within a single homogeneous society.

It was not merely land which the Company farmed out to the Chinese, but also tolls and taxes, including the customs duty. This filled Raffles with righteous indignation against their enjoyment of immunities which Europeans did not share. As well as being farmers of the revenue they were the life and soul of the commerce of the country and—this is important—they had an uncontrolled command over the market for imports. Raffles estimated their number at 100,000 and their wealth at ten times that of all the Europeans put together.

The explanation usually put forward of Chinese welfare under Dutch rule is their keener intelligence and greater industry. But this explanation overlooks many contributory factors. In earlier days Javanese merchants held their own with the Chinese, as some enterprising native merchants still hold their own in Menangkabau. But Jacatra, the first Dutch settlement, was of very minor importance as a trading centre before the Dutch came. It was a poor place with little to export, and dependent on East Java for its rice. The Chinese already had trade relations in East Java and could obtain rice when the Dutch could not; it was very natural that the Dutch should encourage them; and, when the Dutch suppressed the merchants of East Java, the Chinese were available to take their place. From the outset the Chinese were in a position of advantage. Then, as the Dutch strengthened their hold over East Java, the Chinese came into contact with a people restricted to agriculture; the Chinese were mostly immigrants, naturally men of enterprise and character,

with a long tradition of commercial affairs and craftsmanship, and it is not strange that they got the better of a mass of oppressed peasantry in every economic transaction in which the two parties engaged. From the beginning they were playing against the natives with loaded dice. But in economic competition even a trifling advantage has a cumulative effect, and the Chinese turned this advantage to account in building up an economic stronghold, secure alike against the native and the Dutch. Within their own field, ever tending to expand, neither Dutch nor native could compete with them and, for both Dutch and native, the scope of economic life became more narrowly limited. Thus before long the whole economic structure of society would have collapsed without its Chinese element, and the Chinese were as necessary to Dutch rule as Dutch rule was to the Chinese; but they remained a race apart, living their own life under their own leaders in their own quarters, and the plural character of society grew more sharply defined.

11. *Fall of the Company.* At the end of the eighteenth century the Company was outwardly as strong as ever. From 1770 to 1780 the average yearly sales exceeded f. 20 million, far more than in former years, and prices were nearly the same as in 1648 to 1657, when the sales were averaging f. 8 million. Dividends were paid regularly and the shares in 1781 were still 215 per cent. above their original value. But inwardly the Company was rotten; it was living on its reputation, and suddenly it crashed. Profits had, in fact, been declining since 1693, when the net profit to date was f. 48·3 million; by 1724–25 the result of its operations showed a net loss, and by 1779 the net loss amounted to f. 84·9 million. But this was not discovered until the accounts were slowly unravelled at a later date; at that time no one knew the exact position. From the beginning the accountancy had been defective; books were kept in India and also in Europe, but the two sets were never balanced. Then, when tribute took the place of trade as the main source of income, no distinction was drawn between the revenue of the Company as sovereign and its profits as trader, and no adequate provision was made for its expenditure as a sovereign power in war charges and administration; when the annual profits did not suffice to pay a dividend, money was borrowed for this purpose and, by

preference, in Batavia, where the rates of interest were higher than in Europe, but the transactions were less likely to be known to creditors. By this means the Company managed to pay dividends at an average rate of 18 per cent. a year over the whole period of its rule from 1602 to 1800. This practice was typical of the corruption with which the whole administration was honeycombed in Europe and in the East. Profits were so enormous, and supervision so lax, that everyone from top to bottom lined his pockets. A Governor-General on f. 700 a month could bring home a fortune of f. 10 million; a Junior Merchant would pay f. 3500 to the Appointments Board for a post carrying a salary of f. 40 a month, and make an income of f. 40,000. An Inspector was entitled to one-sixth of the embezzlements which he recovered, but he could make more by keeping silent. The corruption reached such lengths that shortly before the fall of the Company officers were taxed on their illicit gains; they were required to assess themselves, and the *Opperhoofd* at Cheribon on a nominal salary of f. 60 a month returned his annual income at f. 30,000, but his assessment was raised to f. 75,000. The income of the Governor-General was assessed at f. 350,000. A shortage of f. 1 million in the Treasury at Batavia was not discovered until the death of the Head Cashier, a son-in-law of the Chief Secretary; and the Director of the State Pawnshop responsible for a serious defalcation was, and remained, a Member of the Council of India. It is not surprising then that the failure of the Company was attributed to corruption, and its initials, V.O.C. (*Vereenigde Oost-indische Compagnie*) were interpreted as *Vergaan onder Corruptie* (Perished by corruption).[30]

But the corruption was probably no worse than in British India. Governor Pitt was drawing a salary of about Rs. 200 a month when he paid Rs. 200,000 for the Hope Diamond;[31] a writer drawing £5 a year could not live on less than £5 a month; princes were overset, populations sold and towns annihilated in the ordinary course of business, and for every rupee of profit gained by the English Company its servants made a hundred; anyone who could obtain an appointment was a made man, and a place on Rs. 30 a month was actually worth some Rs. 30,000 a year. In other respects also the position of the English Com-

pany resembled that of the Dutch. While the servants of the Company were amassing colossal fortunes the Company was rapidly advancing towards bankruptcy. In 1772 the Directors had to borrow over £1 million to meet the necessary payments of the next three months. In 1783, when the debts of the Dutch Company were some f. 55 million, the liabilities of the English Company exceeded its assets by Rs. 80 million. And the accounts of the English Company were as involved as those of the Dutch Company, and for the same reason; they were kept in such a fashion that in 1813 it was impossible to ascertain whether the actual trading balance showed a profit or a loss. Finally the corruption in London exceeded, if possible, that in Amsterdam; for the stock of the Company, though worthless as a commercial asset, was keenly sought as a title to patronage, and a Nabob might return ten members of Parliament.

It is clear then that neither corruption nor the defects in the accounts are in themselves sufficient to explain why the Dutch Company failed when the English Company survived. Liberal writers have ascribed the failure to the vicious system of Monopoly. But monopoly was the policy of the English Company and, in view of the trade returns for the decade before 1780, there would seem much support for the view that the Company failed despite and not because of its monopoly. The occasion of its failure is clear; it was the war with England of 1781–84. The Dutch could not sell their produce and had to seek financial help from Government. In 1781 the Chamber of Amsterdam had to ask for a moratorium in respect of its debt to the States of Holland, and in 1782 help was again required. The debt grew larger year by year, and in 1790 the State, now the sole creditor, appointed a Committee of Enquiry. Yet the war alone was not a sufficient reason why the Company failed. From three earlier wars in the seventeenth century the Company had emerged in a stronger position than before. Even in 1780 its position was not hopeless if suitable action could have been taken to provide a remedy, for, although the trade fell from f. 20·9 millions in 1781 to f. 5·9 millions in 1782, it recovered so far that between 1785 and 1794 the sales averaged f. 15·7 millions. Then, in 1796, the new Batavian Republic substituted for the Heeren XVII, the old commercial council representing

the Chambers, a new political council, the Committee for the Eastern Possessions (*Comité tot den O.I. Handel en Bezittingen*), representing the Provinces. But the renewal of hostilities with England again brought down the sales of produce to below f. 6 millions, and before the war terminated the Company was taken over by the State.

It is of some interest to consider the reasons why the Dutch Company failed and the English Company survived. The Industrial Revolution in England was probably one factor, as it brought into existence a class of people who wished to sell goods to India and therefore wished to see India prosperous; whereas the Dutch, like the English before the age of machinery, had nothing to sell and were interested solely in Indian produce. The English had a further reason for preferring sound administration in India, because the political influence of the Nabobs in English parliamentary life gave the party which they did not support an interest in preventing the corruption from which they drew their wealth; so that Indian affairs became a living issue in English party politics and, while Burke was throwing a fierce light on British Indian administration, corruption in Netherlands India could flourish in obscurity. The cumbrous and inflexible constitution of the United Provinces allowed no scope for party rivalry such as grew up during the eighteenth century in England and, moreover, the Dutch Company was a State within the State, whereas the English Company never wholly escaped from parliamentary control. It would seem then that there was little to choose between the methods of the English in British India and those of the Dutch in Netherlands India; the difference between the two companies, and the reason of their different fate, lay in Europe and rested in the superior political and economic machinery of England.

Perhaps, even under the creaking machinery of the United Provinces, the Company might have been reorganized if time had been allowed; but the United Provinces and the Company rose, prospered and grew old together, and both fell at the same time. In 1800 both were still working on the plan of 1600; both were survivals from the age of privilege, and it is not strange that both fell early victims to the new enthusiasm for Liberty, Equality and Fraternity. When the United Provinces gave place

in 1795 to the Batavian Republic, the medicine which put an end to the long-drawn agony of the Company was administered by Dutch Jacobins; on 1 January 1800 the possessions of the Company, together with its debts, amounting to f. 134·7 millions, were taken over by the Batavian Republic and the East India Company ceased to exist.

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NOTES

[1] de Jonge, *Opkomst*, i. 2.
[2] de Jonge, *Opkomst*, iv. 24.
[3] *Enc. N.-I.* i. 503.
[4] E. Baasch, p. 368.
[5] Colenbrander, *Geschiedenis*, ii. 97.
[6] Angelino, ii. 4.
[7] Mijer, Instr. of 1609, Art. 23; Furnivall, *Hist. N.-I.*, p. 10.
[8] de Jonge, *Opkomst*, iv. 107.
[9] de Jonge, *Opkomst*, iv. 179.
[10] de Jonge, *Opkomst*, iv. 204.
[11] Official (English) Cal. State Papers; Colonies—East Indies. 1625–29, 12,418,626; and Colenbrander, *Geschiedenis*, ii. 123.
[12] Colenbrander, *Geschiedenis*, ii. 123; Kielstra, *Vestiging*, p. 209; A. J. Beversluis en A. J. C. Gieben, *Het. Gouv. der Molukken*, p. 14.
[13] Colenbrander, *Geschiedenis*, ii. 153.
[14] Kielstra, *Vestiging*, p. 12.
[15] L. Pronk, p. 11; J. W. de Klein, 3.

[16] C. van Vollenhoven, *Staatsrecht Overzee*, p. 17.
[17] Gonggrijp, *Schets*, p. 64.
[18] E. Baasch, p. 372.
[19] Klerk de Reus, p. 226.
[20] Raffles, *Substance*, p. 168.
[21] Mijer, Instr. of 1650; Furnivall, *Hist. N.-I.* p. 14.
[22] Van den Bosch, Official: 1834 ISB. 22.
[23] Gonggrijp, *Schets*, p. 49.
[24] Vleming.
[25] Mijer, Instr. of 1617, Art. 74; Furnivall, *Hist. N.-I.* p. 11.
[26] Vleming, p. 6.
[27] Bergsma, ii. 297.
[28] Van Hogendorp, *Schets of Proeve*, Bergsma, ii. 152, App. LL.
[29] Raffles, *Hist. Java*, i. 225.
[30] de Bree, *Gedenkboek*, p. 19.
[31] Trevelyan, p. 134.

CHAPTER III

THE YEARS OF CONFUSION, 1795–1815

1. *The Revolution.* In 1795 the constitution of the United Provinces, designed originally to maintain a balance of power between rival States leagued against a common enemy, had come to represent a balance of privilege between the Stadhouder and the hereditary civic aristocracy, the Regents. But during the eighteenth century the Republic, which had withstood the arms of France, surrendered to its culture, its musicians and dancing-masters, cooks, barbers and philosophers. Montesquieu, with his clear and logical doctrine of the division of power between Legislature, Executive and Judiciary, lighted up the shadows of the unwieldy constitution; Voltaire taught men to scoff at privilege, and Rousseau proclaimed the sovereignty of the people. Under the impact of these ideas the age-long struggle between Stadhouder and Regents took a fresh turn, and a new party, claiming to be Patriots, further complicated civic strife by introducing a democratic element, which inclined alternately to one side or the other, and opposed the privileges of both.

The Patriots, though disunited, were agreed on preferring France to England, whereas the Stadhouder, William V, had English sympathies, and, as the outcome of a disturbance in 1787, many Patriots had to seek refuge in France. Among these was Daendels, who was destined to imprint his strong personality on Java. In 1792, when the Jacobins declared war on the United Provinces, Dumouriez, accompanied by Daendels at the head of a Batavian Legion, proclaimed that he was coming to help the Dutch shake off the yoke of Orange; "we shall pass through your rich provinces", he said, "as friends and brothers". In January 1795, just before the arrival of Daendels and the French, a revolution broke out in Amsterdam and William fled to England, where he published orders for the governors of the Dutch colonies to admit British troops and offer no resistance to the British warships, but regard them as vessels of a friendly

power. Thus "the English came to Java as friends" of "the honourable Republic and brave people of Holland", and were able to recruit leaders who would "declare for England and the ancient order of things".[1] For twenty years from 1795 the unfortunate Dutch had the privilege of being regarded as friends and allies both by France and England; the French overran and ruled their country, and the English took their colonies and their trade.

The Revolution of 1795 gave power to a National Assembly, recruited mainly from Jacobin Clubs, and in 1798 the short-lived Batavian Republic adopted the first of its rapidly succeeding constitutions. This devised a Government too weak to resist the French but too weak also to rule the country, and in 1801 Napoleon secured the adoption of a new constitution with a State Government of twelve members and a shadowy Legislature, which was to meet no oftener than twice a year and could only adopt without amendment or wholly reject such measures as the Executive might please to lay before it. Even this constitution allowed more discussion than Napoleon thought necessary and in 1805 the State Government was replaced by a single Council-Pensionary with monarchical authority, but wholly dependent on Napoleon himself; the Legislature was no longer elected but nominated by the local authorities. Then, as Napoleon found the Council-Pensionary not sufficiently amenable to his wishes, in 1806 he transformed the Republic into a Kingdom under his brother Louis; finally in 1810 he deposed Louis and annexed the Dutch provinces to France.

Meanwhile, between 1795 and 1801 the English took all the Dutch stations in Continental India and also Ceylon, the Cape and many stations in the Malay Archipelago. At the Treaty of Amiens in 1802 these were all restored except Ceylon, but the renewal of hostilities again placed the Dutch colonies at the disposal of the English, and in 1810, when France annexed the Netherlands, little remained of the Dutch Empire except Java, which was placed under the French Captain-General at Mauritius. Thus, when the English arrived in Java, shortly after the capture of Mauritius in December 1810, they took the island not from the Dutch but from the French. But in effect it had been cut off from the homeland since 1795.

2. *Colonial Reform.*[2] One of the earliest matters for consideration by the Provisional Assembly in 1795 was the Report submitted earlier in the same year by the Commissioners appointed in 1791 to introduce the reforms proposed by the Committee of 1790. Nederburgh, the chief official of the Company in Europe, was appointed senior Commissioner, but he was too indolent or too conservative to favour radical changes, and the others were deeply involved in the prevalent corruption; they went little further than to suggest certain economies and to recommend that the deficiency of revenue should be made good by an extension of compulsory cultivation and enhanced taxation. Their Report was disregarded by the National Assembly which, as mentioned above, replaced the Heeren XVII by a new body, the Committee for the Eastern Possessions, comprising 44 members, to carry on the administration pending further arrangements. The Constitution of 1798, however, devoted a separate Chapter to the Colonies, dealing with them in terms which reveal the influence of French ideas. The Batavian Republic took over all the possessions and dominions of the Company and also its debts, and replaced the cumbrous Committee of 1796 by an Asiatic Council (*Raad van Aziatische Bezittingen en Etablissementen*) of 9 members, subordinate to the Batavian Executive, and charged with regulating internal administration, policy and justice on the new republican principles. "Liberty and the rights of the people were to be planted out on Indian soil."[3] The principle of assimilation, then dominant in French Colonial policy, inspired a provision that colonial revenues should be paid in to the home treasury. The Council was to draft a new Charter which the Executive would lay before the Legislature. On 1 January 1800 the Company was dissolved, bequeathing to the Batavian Republic a debit balance of f. 134·7 millions.

But before the new Charter could be drawn up, the situation was changed by the Constitution of 1801 and, still more fundamentally, by the dramatic intervention of a new character, Dirk van Hogendorp, the elder of two brothers who played a leading part in the events of the next twenty years. Their father, of a good family with an hereditary attachment to the house of Orange, being reduced to narrow circumstances by a reverse in

business had sought to restore his fortunes as a servant of the Company in India. Both lads, like many of the younger generation, were attracted by the principles of the French Revolution. The junior, Gijsbert Karel, has some claim to be regarded as the saviour of the Netherlands in 1814, but in 1800 Dirk was the more prominent.

Born in 1761 he joined the army in 1783 and, going East, found an opportunity as Second Resident at Patna to study the English system of administration based on the payment of land revenue by the cultivator. Subsequent experience in Java, where he rose to the important post of *Gezaghebber* of the Oosthoek, led him to prefer the English system of direct administration and taxation above the Dutch system of indirect government through regents paying tribute. On hearing of the Revolution in 1796 he tried to put his views before the home Government, but the earliest statement of them now available is a "Sketch or Essay" (*Schets of Proeve*) which fell into the hands of the Government in Batavia, and in January 1798 he was placed under arrest, nominally for such misconduct as had long prevailed among servants of the Company, but in reality for his untempered zeal in asserting his opinions. He managed to escape, and on arriving home appealed to the public in a "Report on Conditions in the Batavian Possessions in East India", supplementing this Report (*Berigt*) by other Pieces (*Stukken*).

The Report "fell like a bombshell in the field of politics and commerce".[4] His criticism of the methods of the Company and proposals for reform rested on the fundamental postulate that the economic motive, the principle of self-interest, is the foundation of the wealth of nations in the East as in the West. "Self-interest" he contends,[5] "is the only motive which can spur men to industry." Under the existing system the Javanese produces little because he is deprived of this incentive. Let him therefore be given an interest in his cultivation and be relieved of forced labour. Instead of getting the regents to make the people work, the land should be made over to the cultivators, who could be required to pay a land tax, not in money, but in produce. The rice-lands might be left wholly to the Javanese; on dry lands they should be encouraged to

plant pepper and coffee by giving a fair price for the produce; waste land might be sold or leased to Europeans or Chinese, who would pay rent either in produce or in cash. Compulsory labour on public works should be replaced by a capitation tax, payable, if preferred, in produce. Trade, other than in spices and with China, should be thrown open to all Dutch subjects and, under safeguards, to foreigners. Thus, Government would no longer have any direct concern either in production or trade, and the mercantile employees and the regents should be converted into salaried officials, though tax collectors should be paid by a commission on collections. Some of his minor suggestions deserve notice as being subsequently adopted; he advocated the survey, classification and registration of land; the abolition of the practice of farming estates to Chinamen; the appointment of special forest officers; the introduction of a regular postal service, and the substitution of a paid soldiery under European officers for the old feudal levies.

The pamphlets of Dirk van Hogendorp are of primary importance in Dutch colonial history for two reasons. First, he transformed the central issue of colonial policy; hitherto it had been regarded as a question of trade, whether this should be conducted by the State, by a new Company, or by private individuals; Van Hogendorp made it a question of government, how the colony should best be governed. But that was merely the superficial aspect of a second, more fundamental, issue. His proposals, says Dr Boeke, rested on five principles of political economy: private ownership of land; freedom of person; freedom of trade; the abolition of forced labour and personal services; and the provision of good, impartial and inexpensive law: "they were the Liberal principles of the French Revolution".[6] As a competent, experienced and successful administrator he came forward in support of those Jacobins who wished to plant out French principles on Indian soil. He portrayed the native as a man and a brother, equally with his Western brethren alive to the economic motive, and he contended that the arguments of Adam Smith were as valid in the East as in the West, and that the adoption of Western economic principles would conduce to the welfare of the natives and the profit of the Dutch. Throughout the nineteenth century this

contention remained a subject of controversy, often acute and still persisting, but when first put forward it confounded and dismayed all who were regarded as experts in Indian affairs, and all who made a profit from the Indian trade.

His views, however repugnant to colonial experts and Indian merchants, were congenial to the political theorists of the time; and the State Government which came into power under the Constitution of 1801 appointed a Committee to report on Indian commerce and administration. Van Hogendorp was made a member of this Committee but, as often happens when a Committee is appointed to consider reforms pressed from outside on a close corporation, the other members were men who knew the old system and were impervious to new ideas. The President was Nederburgh, the protagonist of conservatism, and the members listened to Nederburgh rather than to Van Hogendorp. Their Report,[7] submitted in August 1803, is based on the maxim, sound in common sense, though stated with the crudeness of an older generation of imperialists, that "in a sense excluding all injustice, the colonies exist for the mother country, and not the mother country for the colonies". It rejects the parallel with England because of the difference between British India and Java, and in the name of Adam Smith contends that any change in the direction of free trade must be gradual. It states "as a fact generally acknowledged without contradiction, that the customs of the people rest on principles wholly inconsistent with a free and unrestricted use of the soil and its produce", and an attempt to change the whole system of land tenure would have results which could not be foreseen; it would undermine the authority of the native rulers and endow the people with privileges which they would not value, do not want, and would probably appreciate less than their existing mode of life. Moreover, the natural dislike for work, common to tropical peoples and, "as noticed by many wise men", especially conspicuous among the Javanese, would reduce production; there would be much danger of dishonest dealing and private monopolies, and the immensely enhanced cost of administration would probably result in annual deficits, which would have to be made good by the home treasury. These and other considerations brought the Committee to accept as a fixed principle "on which all the

members were agreed", that the proposals to introduce property in land and abolish forced labour must be rejected, and that the former system of contingencies and forced deliveries, with such improvements as were possible, should be retained.

The Committee was also opposed to capitalist production. At that time private enterprise on a large scale was represented only by a few large estates near Batavia, held mostly by Chinamen, and by tracts farmed out to the Chinese by the Company or the Regents. All agreed in condemning the leasing of villages, and, though Van Hogendorp had suggested that on the Chinese estates near Batavia the people were well treated and the land well cultivated, the Committee drew attention to "the insecurity in fate and fortune of the common man" even on these large estates, where he was often exposed to knavery and ill treatment by rapacious landowners, and remarked that many of the owners were absentees who left their lands to lie waste and afford a shelter to wild beasts and bands of robbers. Thus neither peasant property nor capitalist enterprise found favour with the Committee.

Again, if trade were left free, it would fall to foreign competitors, and Dutch merchants who still retained a share would be prejudiced by the rise of prices due to competition. The Committee recommended therefore that the trade in coffee, pepper, spices, opium, timber and fire-arms should be confined to Government.

These recommendations on production and trade clear the way for those on administration. As regards the people, Government should adopt a policy "of supervision rather than of direct rule", leaving the people under rulers of their own kind, but at the same time endeavouring "to protect the common man against all arbitrary treatment", and should act towards him "more like a father studying to promote the welfare of his family than a ruler governing his subjects", and there should be a careful discrimination between judiciary and executive, so as to prevent arbitrary interference with the course of justice.

The detailed proposals followed from these principles. The supreme government in the Netherlands was to be vested in the Asiatic Council, as already constituted, under the State Executive. In India the Government was to be vested in a

Governor-General and Council, seated not in the insanitary commercial centre, Batavia, but in an adjacent suburb, Weltevreden. The State would no longer take part in trade, and the European mercantile employees should therefore be transformed into officials, and the head mercantile officer, the Director-General of Trade, should be replaced by a Council of Finance and Domains, with a separate Accounts Department, the General Chamber of Accounts; as recommended by Van Hogendorp, there was to be a separate forest service. As regards judicial administration the Committee found that the laws were satisfactory but the law courts "create a very different impression", and that there could be no radical improvement without the constitution of a wholly new Supreme Court of which all the members should in the first instance be sent out from Europe. The High Court should be "as it were, the Palladium of Justice in that part of the world". It should have powers of revision and supervision over the whole administration of justice, but appeals against its orders should lie to the High Court in the Netherlands. It was undesirable that in the lower courts the same officers should be policemen, prosecutors and judges; professional lawyers should therefore be appointed to the Colleges of Justice, and local executive officials should cease to preside over the tribunals for Natives. The recommendations were given legal form in an appendix which, although termed a Charter, was in effect a constitutional regulation for the Government of India.

The opening paragraphs of the Report draw attention to the fact that two members of the Committee had "publicly defended contrary principles of colonial government"; but it was signed without dissent by all the seven members, and in two passages reference is made to their "welcome unanimity". It is not easy at first to understand how Van Hogendorp came to cede his two main points, the grant of private ownership to cultivators, and the abolition of forced cultivation and compulsory labour; but Nederburgh seems to have been more dexterous in committee work, and to have concentrated in the first instance on the weaker aspect of Van Hogendorp's proposals. For two hundred years the wealth of all classes in the Netherlands had rested mainly on the supply of Eastern produce, and their

interest lay wholly in what they got from Java and not at all in what they supplied to it. But the people of their own accord cultivated little but rice, and produce for export was obtained through the regents, who alone could make the people supply what was required. Since these supplies were necessary not merely in the interest of trade but also to meet the cost of government, any break with the old machinery of production would have been a very rash experiment, leading possibly to a breakdown in the administration, and it was therefore necessary to confirm the regents in their privileges and authority, which had the further advantage of enlisting the most influential natives in the Dutch interest. Moreover, free competition would certainly reduce Dutch profits by enhancing prices and, as the Dutch had nothing to sell to Java, they would be at a disadvantage with trade rivals. Also, the advantage of high prices would go to middlemen and not to the cultivators, who would be worse off than before and still less able to meet the enhanced cost of administration. The criticisms of the Committee on the proposals of Van Hogendorp were abundantly justified by subsequent events, and it may have been that he surrendered to argument. But during the course of the discussions he was offered and accepted the embassy to Russia, and he declared later that he signed the Report *in blanco*, so it may be that argument was less effective than tangible persuasion. The Charter is therefore sometimes known as Nederburgh's Charter, but this is hardly fair as it shows many traces of Van Hogendorp's influence.

During the period of Liberal ascendancy in Dutch colonial politics in the last half of the nineteenth century the Report was undervalued, but it is now recognized as providing a useful transition in the regulation of the Indian trade, and has rightly been termed "the most important State paper on colonial policy, taking into account the times and circumstances, which has ever appeared".[8] It represents a great advance on the proposals of the Report of 1795; many clauses in the Report and Charter recur like a refrain in the amended proposals of the following years,[9] and, in establishing the principles of indirect rule through a native aristocracy under the supervision of a regular European civil service, and of control of the executive by an independent

judiciary, it laid down the main lines along which Dutch colonial administration was to develop.

The Charter was accepted by the State Government with certain changes in a more liberal direction, notably the throwing open of pepper and coffee to free trade, and, as thus amended, was promulgated by decree in September 1804 without reference to the Legislature. Before action could be taken, however, Napoleon intervened, and the new constitution of 1805, which contained no article upon the colonies, left a free hand in this matter to the Council-Pensionary, Schimmelpenninck. He withdrew the Charter, and in November sent out two Commissioners to introduce a new system, which he published in January 1806, as a *Regeringsreglement*, or Constitutional Regulation, for the Government of India; although this was little more than a transcript of the Charter, the title indicates its true significance as an instrument of government and not a concession of privileges. But the Commissioners had only got so far as New York, then the safest route to Java, when Napoleon again intervened. In June 1806 Louis Napoleon became King of Holland and was greeted with a memorial from Van Hogendorp, who had ceased to be an ambassador. There were, he said,[10] three parties advocating three distinct principles for the government of India; one preferred a Chartered Company, one preferred State Government on the lines of the Company, but intelligent men advocated a better system, "a civil and military administration directly subordinate to the home Government and based on the principles of free cultivation and free trade". This better system would never be introduced by an Asiatic Council whose members were biassed in a stiff-necked adherence to old ways; all that was needed was a Colonial Minister, responsible to the Crown, and superintending a Governor, who should be a soldier with a knowledge of the country, and who could apply the new system "based on the immutable principles of political economy". The whole memorial pointed to one man for the post of Governor, Dirk van Hogendorp; but Louis took his advice and rejected his assistance. He recalled the Commissioners, cancelled Schimmelpenninck's *Reglement*, abolished the Asiatic Council, appointed a Minister of Colonies and Commerce, and published a new Constitution for the Kingdom

of Holland, which left the form of colonial government to be settled by the Legislature, but vested the internal administration in the Crown. In January 1807, apparently under instructions from Napoleon, he selected as Governor-General the old Jacobin soldier, Daendels, and furnished him with two sets of instructions, one personal and private, and the other for publication.

3. *Daendels.* Daendels reached Java in January 1808. His Instructions[11] dealt mainly with defence, but he was directed, in the formula common to all the Regulations and Instructions since 1803, to "cure the abuses which had crept in under the Company" and especially to "improve the lot of the common man and protect him from arbitrary treatment"; also he was to enquire into the reforms recommended in 1803, but to make no changes without authority from home, though he was given power, if necessary, to override his Council. But the state of affairs was already far worse than under the Company. Van Overstraten (1796–1801) had done as much as one man could do to introduce reforms, but his successor, Siberg (1801–4), one of the most corrupt members of the old gang, had been content to line his pockets and allow his subordinates to line theirs. In a letter of November 1808[12] Daendels gives a vivid picture of "the abuses which were all recognized and taken for granted under the former Government", but these had been "aggravated to an extent previously unknown". By his enforcement of discipline in the army he had earned the title of "the Thundering Marshal" and the news of his appointment "caused general consternation, for everyone felt that he would be called to account for his misdeeds".[13]

Although directed by his Instructions to report for orders before making changes, he was cut off from home by the vigilance of the English fleet, and he had to act on his own authority or not at all. He was not a man to shirk responsibility and, within a short time of his arrival, he set himself not merely to restore discipline but to introduce far-reaching reforms. His most capable assistant was Muntinghe, formerly Advocate-fiscal to the Asiatic Council, who had come out to Java in 1804. Like most young men of that time he had imbibed French ideas, and it was presumably under his advice that Daendels' reforms,

although based on the Report of 1803, tended further in the direction of Van Hogendorp. Daendels contemplated the introduction of a land-tax of one-fifth of the gross produce, but finally decided that "until the Javanese has made further progress towards civilization... his work under compulsion must take the place of regular taxes",[14] and he devoted his energy to extending the cultivation of coffee all over the hills and cotton all over the plains, though he directed that the cultivators should be remunerated for their labour. But he set his face against the alienation of villages to Chinamen, and during his first year he redeemed 56 which had been mortgaged for a sum averaging only 13 rix-dollars. He tried to impose restrictions on forced labour by requiring that officers should pay the men employed for their personal service, and he followed Van Hogendorp in reorganizing forest administration, introducing a postal service and abolishing the feudal levies.

His other reforms were also based on the Report of 1803. He replaced the Director-General of Trade by a Head Administrator and four Administrators of Finance and a Chamber of Accounts, converted the mercantile employees into a graded civil service, and divided the country into nine Prefectures, allotting a tenth, Rembang, to the College of Forests. But he went beyond the recommendations of 1803 in converting the regents also into civil servants, "officers of the King",[15] entirely subordinate to the Prefect, whose orders they had to carry out "without the slightest variation"[16] but in their own fashion, "thus they remained at the head of affairs";[17] also they still derived their emoluments from the land and people and not by way of salary. Further, he placed the relations with the native States on a new footing "conformable with the dignity and conducive to the interests"[18] of the Dutch. In judicial administration also he adopted and extended the principles of the Report of 1803, constituting a new court at Surabaya, a Court of Circuit and, his chief innovation, a *Landgericht* or native Court for each Prefecture, with a Bench of Regents and the Prefect as their Chairman.

Thus he set himself with energy and force to remodel the whole administration. He estimated that on his plan Java would furnish "a surplus of five millions, free of all charges, as a net

return to Holland".[19] But, in the circumstances, the task was beyond even his force and energy; he was contending not only against the apathy of the cultivators and the corruption and incompetence of the officials, but against the sea power of England. He could enhance production, but he could not create merchants to buy and sell the produce. As Van Hogendorp had said in his Report, all trade other than that of the Company was in the hands of servants of the Company; and private individuals were so few and insignificant that when Daendels raised a forced loan of 450,000 rix-dollars only 31,000 could be collected from non-officials. Even if there had been merchants to buy the produce, they could sell it only to Americans, for all other ships were driven from the sea. Thus, although dependent for his revenue on the sale of produce, he was cut off from markets, and was therefore compelled, against his principles, to sell lands to the Chinese, and further to debase the currency with paper money until it became almost valueless. His project of paying the cultivators for their labour was frustrated because he had no money with which to pay them, and, despite his regulations for abolishing forced labour, the urgency of defence compelled him to employ it to an unprecedented extent in making his Trunk Road throughout Java and in strengthening the post at Bantam.

At the same time he had to contend with traitors in his own camp, the members of the old gang who were obstructing all his actions and representing them in the most unfavourable light at home. By 1810 the Colonial Minister feared that he had "cut loose from rein and bridle",[20] and before long was asking for his removal on the ground of his "rapacity, brutality and incompetence".[21] It is not strange, therefore, that Daendels, taking advantage of the clause in his Instructions which gave him absolute powers, found it necessary to "disregard every law but that which enjoined the preservation of the colonies committed to his management".[22] Still, it must be admitted that his impetuosity and arbitrary temper made him an easy mark for criticism. The only market for his produce was America, but he refused to sell it on the terms arranged by Polanen, the Dutch envoy in the States, and threatened to shoot Polanen if he should set foot in Java. On a personal

quarrel, he directed Van den Bosch, subsequently the inventor of the Culture System, to leave Java within twenty-four hours. Although he did much to purify the administration of justice, he did not hesitate to expel the President of the High Court of Justice when he was too independent. A former Resident was deported as "a suspected person" and several high officials were arrested and detained in jail without any report to the home Government. It was not for nothing that he had been styled "the Thundering Marshal"; and Napoleon, who apparently was led to believe that he might declare himself independent, ordered his supersession. Daendels flattered himself that under his rule "the condition of all the inhabitants as well native as European was ameliorated".[23] But his successor Janssens reported that both natives and Europeans longed for the arrival of the English, "not from any detestable Anglomania but to escape a terror that desolated all the world".[24] Janssens landed in Java on 27 April 1811 and assumed charge as Governor-General of the French possessions east of the Île de France, under the Captain-General of Mauritius. Among those who landed with him was a wise young naval officer, named Baud.

4. *Raffles.* It was in August 1811 that the English arrived, not as enemies but "merely to annul the unlawful annexation of Java by the power of France and take it under the protection of Great Britain".[25] To such straits had the colony already been reduced by the encirclement of English sea power, that, when a brief campaign ended in the defeat of Janssens, his troops were spared the humiliation of surrendering their arms because they had only one musket left. Raffles, just turned thirty and with barely six years' service in the East, was appointed "Lieutenant-Governor of Java and its Dependencies". The other Dutch possessions in the archipelago had already been distributed among three charges: Benkulen, the Straits and the Moluccas, each under an officer directly responsible to the Governor-General of British India. But it was Raffles who made history; for the Dutch themselves regard the English occupation as "a turning point in their colonial administration".[26]

Raffles had the force and energy of Daendels, but a far wider range of vision, and enjoyed in a supreme degree the gifts of charm and sympathy which Daendels lacked. Still it is doubtful

whether he could have done much more than Daendels if he had occupied the same position. For the transfer of Java from Dutch to British power transformed its whole political and economic balance. The Dutch had nothing to sell to the people; and Nederburgh, Van Hogendorp, the Committee of 1803 and Daendels, for all their differences, were agreed that the aims of Government should be to stimulate production and the margin of profit—their policy was essentially that of the old Company. But by 1800 England was producing vast quantities of cheap cotton goods which could undersell local produce even in British India and, whereas Dutch interest in the East centred in the supply of Eastern produce, British interest looked also to the demand for Western produce. An increase in the welfare and the consuming power of the natives was prejudicial to the Dutch but profitable to the English, so that the economic environment of Daendels and Raffles was not merely dissimilar but contrary. So also was their political situation. Under Daendels Java was in a state of siege; but the sea which encompassed Daendels was a high road for Raffles. Daendels could find no market for his produce; but Raffles was in constant touch with British India, and even with England. Moreover, Daendels was compelled by military pressure to make excessive demands for forced and unpaid labour; whereas Raffles could cut his coat according to his cloth, and need spend no more on roads than his revenue allowed or bare necessity required. Raffles had still other advantages. As an Englishman, who had gained power in a Dutch colony by force of arms, his position might seem weak; but the unpopularity of Daendels must have been a great asset to his successor, and although "the emissaries of the late ruler of France had perverted the minds of the majority",[27] Raffles found a valuable ally in Muntinghe, who had learned to admire England as a schoolboy in an English school, and at a critical moment had the courage to stand forward on the English side.[28] In the introduction of reforms Raffles was fortunate in being able to look at the machinery of Dutch administration as an outsider, free from the drag of tradition, and yet with personal experience of tropical administration on a different system, and fortunate also that in the main his reforms were congenial to Muntinghe. Perhaps,

however, it was his chief good fortune that Daendels had already blazed a track along the path of reform; as Raffles himself recognized, "a much more regular, active, pure and efficient administration was established by Marshal Daendels than ever existed before".[29] Raffles, in fact, was standing on the shoulders of Daendels and could begin where his predecessor had left off, and the Dutch may justly claim that "if there had been no Daendels there would have been no Raffles".[30]

These considerations, however, while explaining Raffles' achievement, detract nothing from his greatness; it was one element of his greatness that he could grasp the position, recognize his opportunity and seize it. When he went to Java the English East India Company was still obtaining pepper in Sumatra by forced cultivation on the Dutch system, and was still jealous of its monopoly of trade; even in 1813 the aged Warren Hastings was called in to support its contention that the admission of private traders would prejudice British rule in India. But Raffles derived his guiding principles from Adam Smith. "Of monopoly", he wrote, "it may be said as of slavery, that it is twice cursed, that its effects are not less ruinous to those who impose it than to those who are subjected to it....Commerce, like Liberty, is a jealous power and refuses her blessing to all who restrain her course."[31] He saw that English interests were "manifestly connected with the advancement and improvement" of the people, and made it his object "by the establishment of a free and unrestricted commercial intercourse, to draw forth their resources, while we improve our own".[32] His intention was to encourage trade, and thereby to improve the welfare of the people; he expected to achieve this by introducing "an improved system of political economy throughout the Island, with the intention of ameliorating the condition of all its inhabitants, by affording that protection to individual industry, which will ensure to every class of society the equitable and undisturbed enjoyment of the fruits of labour".[33] He set himself, in fact, to apply the revolutionary principles of Van Hogendorp, by conferring on the cultivators private property in land and substituting paid for compulsory labour. In this he had the enthusiastic, but not uncritical, support of Muntinghe.

One of his earliest measures was to institute an enquiry into land tenures with a view to ascertaining how his object might be accomplished.[34] From this enquiry he felt justified in drawing the conclusions that all the land was the property of the State, and that the head inhabitant of a Javan village had "from immemorial usage been considered to have vested in him the general superintendence of the affairs relating to that village, whether in attending to the police, settling the minor disputes that occur within its limits, or of collecting its revenues, or more often its services".[35] The idea of using the village as a unit of administration must have been familiar to Raffles from his acquaintance with the system of British India, and it was also the tradition of British India that the State was the universal landlord; it is difficult therefore to resist the suggestion that in the material collected in this enquiry Raffles found what he wanted, and expected. Another discovery was that the office of headman "had been elective, and the powers entrusted to him by his fellow villagers". "The right of election on the part of the people", said Raffles, "gives them so much real liberty, and is an institution apparently so peculiar to this island, and so congenial to the genius and principles of British government that too much stress cannot be laid on it."[36] The elective village headman, at once the agent of Government and the representative of the people, was an extraordinarily happy discovery, for it supplied Raffles with an instrument for building up a strong administrative system without depending on the regents, whom he distrusted as not only rapacious and oppressive but pro-Dutch.

His village system and land system together formed the basis of his general, judicial and revenue administration. The superstructure was much simpler than under Dutch rule, but the lower storeys far more elaborate. The unwieldy Council of India, which Daendels had retained, was reduced to a Board of three members, with Muntinghe and another Dutchman as civil members and an English officer as a military adviser. The Board of Finance and Chamber of Accounts were no longer needed, as it was the policy of Raffles to restrict state activity in production and commerce, and he substituted an Accounts Department. On the other hand he elaborated the machinery

for territorial administration. He took over the Prefectures of Daendels but substituted the term Residency, and raised the number to sixteen, partly by a readjustment of the former divisions, and mainly by resuming tracts which Daendels had leased to Chinamen and taking over new territory from the native State of Jogyakarta. Daendels, while converting the regents into Government servants, had retained the regencies, but Raffles called the regencies "districts", so that the formerly autonomous regents became mere district officers. Further, as he wished to bring the Government into direct contact with the people, he partitioned the districts into police tracts or Divisions, each comprising so many villages, with a headman in each village.

The judicial system, even as reorganized by Daendels, he found "at once complicated and confused".[37] In all the Dutch courts cases were tried before a numerous Bench of Judges, and there was a dual system of judicial administration with different courts and different law and procedure for Europeans and Natives. Raffles, by reducing the number of judges and abolishing the old Supreme Court and Court of Aldermen, was able, with little or no extra expenditure on judicial administration, to provide for each of the three large ports a Court of Justice, a Court of Requests for small causes and a Police Court Magistrate. These courts disposed of judicial matters, civil and criminal, for all classes of the population in these towns; in civil cases they administered Dutch colonial law, but in criminal cases they adopted British procedure with a jury. For Natives in the interior the judicial reforms passed through two stages. In the final stage, capital charges were reserved for trial by a Court of Circuit, consisting of a single judge of the local Court of Justice, sitting with a jury; other serious matters, which under Daendels had gone before the Prefect with a Bench of Regents, were tried by the Resident alone, though regents and others might be present in an advisory capacity. Petty matters, left under Dutch rule to the discretion of the Regent, were allotted to the District Officer, Divisional Officer and village headman, but it deserves notice that the District Officer, formerly the regent, had no criminal powers.

The main source of revenue was land revenue or, as Raffles

regarded it, land-rent.[38] He aimed at taking as "rent" the value in cash of two-fifths of the gross produce of the land, which he estimated as the equivalent of "all internal taxes, contributions, deliveries at inadequate rates and forced services, whether to European or native authority" formerly due from the cultivators. This was supplemented by a capitation tax, or "tenement tax" on non-cultivators. In the first instance, owing to the "paucity of information on the subject, and the extreme caution with which it was necessary to proceed" he decided to let the lands of each village to the village headman, who would re-let them to the cultivators; but only four months later he was able to announce that "the nature of landed tenure throughout the island is now thoroughly understood",[39] and he gave directions that the land should be classified "as the actual quantity of produce left from each [class of land] for the use of the renter [i.e. occupant] is wished to be nearly the same". The assessment of land-rent was to be made by a special Collector, distinct from the Resident, who would apply to the Resident, as judge or magistrate, whenever it might be necessary to realize the revenue by distress, or to punish the misconduct of his subordinates. The actual collection was to be made by the village headman under the supervision of the Divisional Officer, but the District Officer or Regent was wholly excluded from taking part in revenue administration.

In these reforms two points deserve especial notice. One is the care taken to deprive the regents "of all political or other undue influence";[40] they were allowed no magisterial or revenue powers and therefore, in effect, excluded from the general conduct of administration. The other matter of importance is that the arrangements of Raffles, although superficially resembling the proposals of Van Hogendorp, differed in substance, both in object and in method.[41] Van Hogendorp aimed at securing for the State as much produce as possible, and argued that more would be obtained by dealing directly with the cultivators than through the regents; he proposed to take the land-tax in kind and was even willing to allow the capitation tax to be paid in kind. Raffles aimed at encouraging trade and the use of money; he therefore insisted that all payments in kind should be brought in at the expense of the cultivators to the

Residency headquarters, whereas payments in money were to be made to the headman, who could pay it in to the Divisional Officer in a neighbouring village.[42] Raffles looked on these reforms with much complacency, both as a man and as an administrator; "I have had the happiness", he wrote, "to release several millions of my fellow creatures from a state of bondage and arbitrary oppression. The revenue of Government, instead of being wrung by the grasping hand of an unfeeling farmer from the savings of industry, will now come into the treasuries of government direct and in proportion to the actual capacity of the country...and in a more extensive political view, we may contemplate that the mass of the people will for ever remain attached to the British power."[43] "If I look forward", he writes elsewhere, "to the effects of the change of system as it may contribute to the happiness of the people, the improvement of the country and the consequent increase of the public revenue, the result is incalculable."[44] But on a system which aimed at absorbing the whole economic rent and leaving the cultivator of the best land in no better position than the cultivator of the poorest land, it is perhaps doubtful whether the common man experienced much benefit through being released from the grasping hand of the regent, and in any case the event proved that the arrangement by which he was required to pay his taxes in money merely handed him over from the regent to the money-lender. The results, as Raffles anticipated, were incalculable.

Although the reorganization of the general, judicial and revenue system was the most ambitious of Raffles' innovations, he also found time and energy to overhaul almost every branch of Dutch administration and to introduce new and more business-like methods. He took over the tin mines on Banka, formerly under the Sultan of Palembang, and laid the foundations of modern methods of exploiting them; he abolished the practice of farming out the customs revenue and salt revenue to Chinamen, and substituted direct management; on the other hand he farmed out to Chinamen the pawnshops which had formerly been managed by Government; he endeavoured likewise to abolish the numerous tolls and transport duties which hindered trade in the interior; and he placed the relations with

the surviving Native States on a new footing so that they retained merely the shadow of autonomy. In all these matters his arrangements were so much more efficient and profitable that they were in the main adopted by the Dutch when they recovered possession of the island. But in one matter the Dutch failed lamentably to come up to the standard which he set. Daendels had debased the currency by issuing worthless notes; these were redeemed by Raffles, who accepted them in payment for grants of waste land and thus placed the currency on a sound basis. But, on the return of the Dutch, it again fell into confusion, and some fifty years elapsed before they emulated the financial integrity of Raffles.

All these, however, were merely administrative reforms; the introduction of a new system of land tenure involved political considerations. Any one can make new rules for his subordinates and, within limits, make his subordinates apply his rules; but it is a different matter to change the habits of the people whose affairs it is their business to administer. Muntinghe wrote subsequently that Raffles substituted taxes for tribute in three days, though many had thought it would cost rivers of blood. But such a reform obviously cannot be accomplished in three days, and it must be admitted that, in his attempt to introduce it hurriedly, Raffles did not pay sufficient regard either to the powers of his subordinates or to the conservatism of the cultivators, and his arrangements for reforming the agrarian and revenue system, although clear enough on paper, led to confusion in practice.

The reforms of Daendels were for the most part reforms on paper, and this is still more true of the reforms of Raffles, because they were even more ambitious. The native officials, who continued to derive their income wholly or for the most part from allotments of land instead of from a fixed salary, retained their power and authority over the cultivators. Cultivators unused to handle money, but faced with a demand for the payment of revenue in money, mortgaged their crops, their cattle and their land, so that more land passed to the Chinese than under the former practice, reprehended by Nederburgh and Van Hogendorp alike, of obtaining estates on mortgage from the regents. An attempt to introduce a survey quite broke down,

and in Surabaya it was not found possible to survey more than 50 out of 2700 villages. The revenue demand rested wholly on arbitrary estimates by the Residents, and in Cheribon for example, the first assessment was Rs. 156,722 and in the two succeeding years Rs. 399,942 and Rs. 212,897; while the actual collections in 1815–16 were only Rs. 86,195.[45] In the Preanger Raffles deliberately maintained the system under which revenue was paid in coffee, and he also continued very much the old system in the teak forests. As regards the abolition of forced labour, it has been said that he stopped this over the whole island; except that in the Preanger he introduced a new system which made the burden heavier, in Batavia replaced the old arrangements by new arrangements to the same effect, and elsewhere left matters as before, apart from neglecting roads and allowing public buildings to fall into decay.[46]

How far the administration of Raffles conduced to economic progress is uncertain. By contemporary Dutch standards, which measured economic progress in terms of export crops, production declined. At the end of the Company's rule more than half the revenue came from coffee and sugar, and these were the only important export products of Java. In 1807 Java produced 100,000 pikols of coffee; under Raffles it produced only 50,000. In 1808 the output of sugar was given as 95,000 pikols; in 1815 it was no more than 20,000.[47] (The fall, however, occurred when Daendels could no longer make loans to the Chinese manufacturers; and in 1813 the output had been only 10,000, so that there was a partial recovery.) On the other hand, despite the decline in export crops, there would seem to have been an increase in those which the cultivators grew mainly for their own consumption. In 1792 the export of rice had been prohibited because supplies were inadequate for home consumption, but under English rule rice was again exported. According to Muntinghe, though from his bias towards peasant proprietorship he cannot be regarded as unprejudiced, tobacco cultivation flourished, and round Batavia people came to specialize in the growing of betel and fruit. That there was on the whole an increase in production is indicated by the growth of trade. Under the Company the number of ships reaching Batavia was no more than 25 or 30 a year, but 37 ships arrived within eight

months in 1816; and whereas under Daendels, as we have noticed, private commerce was negligible, by 1816 there were ten commercial firms in Batavia and three each in Surabaya and Semarang.

It is certain, however, that progress was not so rapid as Raffles expected. He promised that the Budget for 1812–13 should yield a surplus;[48] but a statement of the revenue prepared for him on the eve of his departure shows that, although he had enhanced the revenue from Rs. 5·39 million to Rs. 7·52 million, the expenditure, apart from a saving on military charges due to the conclusion of peace, had risen in the same time by over Rs. 1 million, and still showed a deficit of Rs. 1·57 million.[49] The deficit would have been even larger than in the previous year had he not enjoyed a windfall of Rs. 700,376 from the sale of coffee stored up during the war. Less than a third of his revenue came from land-rent, which yielded Rs. 2·47 million, and he derived nearly as much, Rs. 1·90 million, from the sale of coffee, tin and salt. For extraordinary expenditure such as the redemption of worthless paper, Raffles resorted, against his principles, to the sale of land, which enabled him to redeem paper to the value of f. 8 million. Even for the building of roads he had to raise funds by a public lottery, and the Dutch complained that the roads, if built, were not maintained.[50] Thus there was some justification for the remark of the Directors of the East India Company that he had "rendered the occupation of Java a source of financial embarrassment to the British Government",[51] and for the criticisms of Lord Moira, who succeeded Lord Minto as Governor-General, that Raffles failed to administer his charge with the efficiency indispensable to secure the advantages which he had himself held out from the possession of the colony.[52] He was therefore compelled to leave what he fondly termed "the sacred isle" under the stigma of failure, and in March 1816 made over his charge as Lieutenant-Governor to John Fendall.

Yet his work was justified by its results. His reforms in administrative and judicial organization were so far successful as to be taken over by the Dutch, although with certain changes in form and a fundamental change in principle. The Dutch also took over, with some changes, his system of village and land

revenue administration, which he himself regarded as his masterwork; and the subsequent growth in the yield of land revenue under Dutch rule showed that the expectations which Raffles had based on it were not wrong, but merely too optimistic; as Muntinghe had warned him, the increase of expenditure would be immediate and the growth of revenue gradual. His lesser reforms of a more narrowly administrative character, where business-like efficiency was the main consideration, as in the tin mines, and in salt, customs, opium and pawnshop administration were continued, as already noticed, by the Dutch. But probably his great achievement was to set an example of placing the welfare of the native as the right aim of government in a tropical dependency. It is true that the welfare of the native at that time coincided with the welfare of British trade, and Raffles was too shrewd not to understand this; but at the same time he had a genuine affection for the people, whom he found "fresher from the hand of nature"[53] than the peoples of Continental India, and he showed his interest by his study of their history and language at a time when these were wholly neglected by the Dutch; thus it was Raffles who ordered a survey of the world-famous shrine of Borobudur, then newly discovered. Almost all his reforms were incomplete, and few can have had much effect on practical administration before he left the island. But he had the imagination, courage, energy and tact to push reforms through, with assistants of a different race and different traditions, in a land which they had long been ruling on a very different plan, and to achieve in less than five years so much success that his administration left a permanent mark on Dutch colonial policy. When, fifty years later, Thorbecke and others were working out a liberal colonial policy, they placed Raffles on a pedestal and regarded him with the veneration of disciples. "Though his reforms were hastily introduced and often on paper rather than in practice, still he must be honoured for the great philanthropic ideals on which they were based."[54] He was distinguished, said Van Deventer, by his noble-hearted endeavour to place the welfare of the Indian people above the all-mastering principle of [State] profit-hunting as the highest law for India.[55] Now, however, there is a reaction. It is suggested that he laboured nobly for the welfare of India—and of

British trade. Prof. Heeres points out that for all his lofty principles he took great care to encourage English trade and, so far as possible, to exclude Dutch and other traders; and he asks: "Fairly then, as Raffles would say, in what respect was the English policy better than the Dutch?"[56] It was better, at any rate for England, because it was in line with world progress and, at that time, England led the van; England was two generations ahead of Europe, and Raffles was in the forefront of his generation. Other critics remark that Raffles discovered in Java the economic system which the English had invented for Bengal,[57] and Van Vollenhoven in particular scoffs at the theories of land tenure and village organization put forward by "the boaster Raffles". Yet even Van Vollenhoven recognizes that Raffles studied native life as a statesman, while the Dutch of that time merely blundered up against it.[58] Dutch rule was never quite the same after their ideas of colonial policy had been cross-fertilized with those of Raffles and, as a recent Dutch historian remarks, "a modern colonial administration (*beheer*) was forced on us from outside".[59]

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NOTES

[1] Raffles, *Hist. Java*, Intr. p. xii; Proclamation of Lord Minto, 4 Aug. 1811; *Enc. N.-I.*, ii. 19.

[2] For outline of Reforms, see Kleintjes, i. 7; for documents see C. de Groot, p. 15 *seq.* [3] Kleintjes, i. 8.

[4] Dr J. H. Boeke, *Welvaartspolitiek.*

[5] *Schets of Proeve*, Bergsma, ii. 152, App. LL.

[6] Boeke, *Welvaartspolitiek.*

[7] Given in full in Mijer; abstract in Furnivall, *Hist. N.-I.* p. 35.

[8] de Jonge, *Opkomst*, xiii. Intr. p. lix.

[9] See e.g. C. de Groot, pp. 27, 30, 44, 45, 55.

[10] C. de Groot, p. 33. [11] Instructions, *Ib.* p. 44.

[12] Letter to Colonial Minister, 12. Nov. 1808, de Jonge, *Opkomst*, xiii. 318; Furnivall, *Hist. N.-I.* p. 42.

[13] Heeres, in Colijn-Stibbe, i. 338.

[14] Letter to Colonial Minister, 12. Nov. 1808, *Opkomst*, xiii. 326.

[15] Instructions to Regents, V.d. Chijs, xv. 292.

[16] Bergsma, iii. 43.

[17] Daendels, *Staat der N.O.I. Bezittingen*, quoted by Bergsma, iii. 43 n.

[18] Daendels, quoted by Raffles, *Hist. Java*, Intr. p. xlvi.

[19] *Ib.* Intr. p. xlvii.

[20] Heeres, in Colijn-Stibbe, i. 342. [21] *Ib.*

[22] Raffles, *Hist. Java*, Intr. p. xlvi. [23] *Ib.*

[24] de Jonge, *Opkomst*, xiii. 541; Furnivall, *Hist. N.-I.* p. 45.

[25] Proclamation of 11 Aug. 1811, *Enc. N.-I.*, ii. 19.

[26] *Enc. N.-I.*, iii. 533; see also Pierson, p. 11.

[27] Raffles, *Hist. Java*, Intr. p. xii. [28] *Ib.*

[29] Quoted by Coupland, p. 33. [30] Heeres, in Colijn-Stibbe, i. 344.

[31] Raffles, *Memoir on the Administration of the Eastern Islands* (n.d. but 1819). [32] *Ib.*

[33] Proclamation of 15 Oct. 1813, Raffles, *Substance*, p. 172; Furnivall, *Hist. N.-I.* p. 54.

[34] For a criticism of Raffles' work on tenures, see Van Vollenhoven, *Ontdekking*, p. 24.

[35] Revenue Instr. of 11 Feb. 1814, Art. 11; *Substance*, p. 181; *Hist. Java*, ii. cli; Furnivall, *Hist. N.-I.* p. 57.

[36] Raffles, *Substance*, p. 113.

[37] Raffles, *Hist. Java*, i. 288, *Substance*, p. 156; for Instructions see Raffles, *Substance*, p. 217; Furnivall, *Hist. N.-I.* p. 56.

[38] Instr. of 1813 and of 11 Feb. 1814; Raffles, *Substance*, p. 181; Furnivall, *Hist. N.-I.* p. 57.

[39] Instr. of 11 Feb. 1814, Arts. 59, 61, 81.

[40] Instr. 1813; Furnivall, *Hist. N.-I.* p. 54.

[41] Van Vollenhoven, *Ontdekking*, p. 34.

[42] Instr. 11 Feb. 1814, Art. 86. [43] Raffles, *Life*, p. 194.

[44] Raffles, *Substance*, p. 168. [45] Gonggrijp, *Schets*, pp. 85–88.

[46] Bergsma, iii. 49, 50. [47] C. de Groot, p. 13.

[48] Coupland, pp. 45, 50. [49] Raffles, *Hist. Java*, i. 306.

[50] *Enc. N.-I.* iv. 707. [51] Coupland, p. 58.

[52] *Ib.* p. 59. [53] Van Vollenhoven, *Ontdekking*, p. 30.

[54] *Enc. N.-I.* iii. 533. [55] Colenbrander, *Van Deventer*, iii. 82.

[56] Heeres, in Colijn-Stibbe, i. 344.

[57] Van Vollenhoven, *Ontdekking*, pp. 19, 24.

[58] *Ib.* p. 34. [59] Mansvelt, i. 52.

CHAPTER IV

THE YEARS OF UNCERTAINTY, 1815–1830

1. *The Dutch in* 1815. When Napoleon fell the Dutch were no longer a race of heroes such as had founded the United Provinces and the colonial empire. It was not merely that two hundred years of easy living had sapped their vitality; the whole social machinery of political and economic life had cramped their initiative and narrowed their outlook and then, in 1795, quite suddenly collapsed. The body politic was broken. During the next twenty years the rough surgery of their friends and allies, France and England, broke their spirit.

It was the Dutch people and not the French troops which swept away the old Republic of the United Provinces, and its downfall occasioned no outburst of popular feeling which might serve for a basis of reunion; then the rapid succession of constitutions obliterated the ancient privileges and historic parties, and from 1810 the country was annexed to France with the centre of its political life in Paris. The annexation achieved one positive result; it transmuted the mortal remains of the old Union into the raw material of a nation. But this was without form and life. The Dutch had assisted in their own undoing and were contented with their fate. Here and there a few hot-headed youths might give some trouble to the local police; more often a tavern group would raise their voices and their tankards in a patriotic chorus; but, even after the defeat of Napoleon at Leipzig, the people did not stir, and, when the French troops were withdrawn from Amsterdam, the inhabitants could find no better way to celebrate their new liberty than by tearing down a few French eagles. Thus the dissolution of French rule merely created a political vacuum.

Similarly, it was neither French nor English but the Dutch people themselves who abolished the East India Company. The restrictions imposed on trade and industry by the Constitution and the Company for two hundred years formed the habits of the people, and discouraged private enterprise. Under the

protection of Napoleon the economic system of the country became involved in that of France, and the incubus of the continental system not only depleted their resources but broke down what remained of the machinery of commerce. Meanwhile, under the protection of the English, their colonies were safe—for English trade. All this broke their commercial ardour and, when Napoleon fell, the great obstacle to a commercial revival lay not in their circumstances but in themselves. "What was chiefly lacking", writes Mansvelt, "was the spirit of adventure, the courage to attempt great deeds and the power to sustain hardship and disappointment....We had been called the Chinese of Europe but we resembled the Chinese only in our conservatism; in industry and enterprise we resembled another ex-colonial power, the Portuguese. We had become a curiosity, a picturesque people in clogs and baggy breeches, and our only merchants were shopkeepers who sang behind the counter while waiting for their customers."[1] In business as in politics the Dutch were comfortably asleep.

2. *Liberalism in* 1815. One man, however, realized the necessity for action; this was G. K. van Hogendorp, a younger brother of the colonial statesman. He organized a provisional government and arranged the recall of the House of Orange, now represented by William, the son of the old Stadhouder, who accepted the invitation and returned to the Netherlands, not as Stadhouder, however, but as Sovereign Prince. G. K. van Hogendorp, like Dirk and all the outstanding men of that time in the Netherlands, had Liberal views, and so also had William. But their Liberalism had a wider connotation than in mid-Victorian England, and implied a general belief in rational progress towards a better social and economic order. It was based on a complex of ideas deriving from Adam Smith and Bentham, Voltaire and Rousseau through the French Revolution, and in practical application it transmuted the revolutionary catchwords, Liberty, Equality and Fraternity into social and economic doctrines which could find expression in a legal constitution. A Liberal was one who believed in revolutionary principles but was opposed to revolutionary methods.

Liberalism owed most to Adam Smith and Rousseau; but the canny Scotch economist and the romantic French philan-

thropist were uneasy yoke-fellows. Both upheld freedom of person, property and trade, and urged the abolition of monopoly and privilege; politically, their doctrines implied freedom of assembly, thought, speech, writing and religion, equality before the law and freedom of the law from executive interference. But, whereas Adam Smith argued from experience that economic welfare would be promoted by leaving all free to pursue their private interest, Rousseau proclaimed dogmatically that all had a right to freedom. As an economic doctrine Liberalism rested on practical common sense; as a social doctrine it rested on idealist humanitarianism. In the development of colonial policy we shall see these two aspects of liberalism at issue and, partly for this reason, defeated by the forces of monopoly and privilege, but at length victorious in a joint attack, only to fall apart when it appeared that the practical men gathered the fruits of victory which the humanitarians had helped to win. In 1815, however, reason and sentiment marched amicably together under the banner of progress.

3. *The New Constitution.* Throughout the nineteenth century colonial policy was intimately connected with home politics, and it is therefore necessary to notice some features of the machinery devised for the new State. In 1812 G. K. van Hogendorp had outlined a constitution and, although too reminiscent of the past, it was taken as a basis on account of the liberal ideas which it embodied. The Assembly entrusted with drafting the new Fundamental Law was liberal, and so also was William; "all that is brave and liberal he readily accepts", wrote Falck, the Secretary of State.[2] But it was the Liberalism of the eighteenth century which coloured their ideas. Under the Fundamental Law adopted in 1814 William enjoyed extensive powers; with him rested the declaration of peace and war, the management of the finances and "exclusive control" over the colonies, and the Ministers of State were responsible to him alone. The Parliament, still called the States-General, elected on a very narrow franchise, had little power over finance; the Ordinary Expenditure was to be fixed permanently, and only Extraordinary Expenditure, or changes in the Ordinary Expenditure, came before Parliament. But the provisions for an independent judiciary and for guaranteeing the fundamental

rights of the subject were generally regarded as giving the constitution a liberal character. In 1815, when William took the title of King and assumed sovereignty over Belgium, he published a new Fundamental Law; but this followed much the same lines as that of 1814, and it must suffice to notice that it provided for two Chambers instead of one, and that the ordinary budget was fixed for ten years and not permanently.

4. *The Restoration of the Colonies.* The Dutch accepted the constitution. In political affairs they were quite agreeable that William should accept all the responsibility and do all the work; they were apathetic. In matters of business they were equally ready to leave everything to William. He was more than ready to do everything; all at once; on the largest possible scale; and to pay out of his own pocket, if necessary. At his instigation new harbours were built, a network of canals was opened; roads and streets were laid down, and later a railway; marshes were reclaimed and new dykes constructed; engineering works, a porcelain factory and a veterinary school were called into existence by his all-embracing energy, and to finance these new projects the Netherlands Bank was built up on the ruins of the old Bank of Amsterdam. His aim was to provide all his people with "a decent competence",[3] and in the programme for the regeneration of his people the colonies held an important place; he looked on them not as part of his kingdom but as a State business concern (*bedrijf*).

Although the Fundamental Law of 1814 made provision for governing the colonies, the Netherlands at that time had no colonies, except on paper. But the existence of a strong power in the Low Countries was then, as always, a pivot of English policy and, in the Convention of London in 1814, England agreed to return most of the Dutch colonies, including their former possessions in the archipelago. By this time, however, the Dutch had lost all interest in their colonies, and cared as little that some were returned as that others were retained. The more imaginative looked to see the colonies pour forth rivers of gold, but expected to enjoy it without even the trouble of putting a bucket in the stream. The task of regulating its course they left to William, and, when the Fundamental Law vested supreme direction over the colonies "exclusively" in the Crown, no

objection was raised, although this conferred on the Executive powers more extensive than had ever been enjoyed or even suggested, and, some thirty years later, nearly caused a revolution.

The old controversy regarding colonial administration still survived however; possibly because Dirk van Hogendorp, Daendels and Janssens, representing different views, were all candidates for the appointment of Governor-General. At that time little was known of the changes which Raffles had made, but in October G. K. van Hogendorp, seeing an account of them in an English paper, announced triumphantly to William that "the system Van Hogendorp" had been introduced. But William had been "*studying* Indian problems in the true sense of the word"[4] and he had already made his choice. He showed it in his selection of the High Commissioners appointed to re-introduce Dutch rule. First among these was C. T. Elout, who had been interested in Indian problems since 1791, when he narrowly missed being sent out as Nederburgh's secretary, and who had shown himself a stiffly orthodox Liberal in the discussions over the Fundamental Law. The second Commissioner was Baron van der Capellen, a much younger man, who had gained the favour both of Louis Napoleon and William. The third Commissioner originally chosen was Muntinghe; but, apparently on the representation of Elout and perhaps because of his English proclivities, he was soon replaced by Buyskes, a naval officer who had been Lieutenant-Governor under Daendels. The choice of Elout indicated that William had decided on a liberal policy; and he outlined his ideas in greater detail in the Instructions and the new Constitutional Regulation (*Regerings-reglement*) with which he furnished the Commissioners in January 1815, supplementing them in the following month by a decree throwing open traffic and trade with India. The Commissioners were directed, as in previous Instructions since 1803, to have especial care for everything that might tend to better "the lot of the common Javanese"; they were to have regard to religious and moral education, to encourage free cultivation, and to take steps towards the introduction of land-revenue. The *Reglement* was modelled on the Charter of 1803, but it went further in a liberal direction and was "wholly based on the

system of free cultivation and free trade".[5] It is improbable that a Regulation drafted by the States-General would have been so coloured with Liberal ideas.

The departure of the Commissioners was delayed by the return of Napoleon from Elba, and when they reached Batavia in April 1816, it appeared that Fendall had received no orders to surrender his charge, so that it was not until 19 August that the Dutch flag was again raised in Java. By that time they had already seen and heard enough of the English system to recognize that William's draft constitution would need further consideration, and they decided not to publish it until they could be better acquainted with the circumstances.

5. *The Policy of the Commissioners.* When the Commissioners reached Batavia, they landed in a new world. The English had a firm grip on the trade, and there had already been introduced, at least on paper, a system far more Liberal than even Dirk van Hogendorp had ever contemplated; the whole Dutch system of administration had been turned topsy-turvy, and the cultivation of export crops, which it had been the aim of Dutch administration to foster, had fallen into decay. The reports of Elout suggest indeed that he did not so much find himself in a new world as called on to create a new world out of chaos. It could not well be otherwise. Daendels, taking over the affairs of a bankrupt Company and preoccupied with defence, and Raffles, engaged on demonstrating that his system would at least cover expenses, had both been compelled to live from hand to mouth, and the roads and public buildings were in ruins. But one feels that the Dutch have higher standards in such matters than the English. They found the soldiers' barracks and even the officers' quarters uninhabitable, and Elout, a stickler for propriety and official dignity, who insisted on wearing his home broadcloth in the tropics, was shocked to learn that Raffles had been content to hire an ordinary house for his official residence. And, on the new Liberal principles, they were expected to provide not merely for roads and buildings but for less material needs, for public health and education. Everything had to be done, but everything had to be done without money. That was the basic fact. It had cost the State f. 134·7 million to take over the colony; under Daendels it had not paid its way, nor under Raffles. It

was essential that the revenue should at least cover the expenditure. The Commissioners were in a difficult position and wanted time for consideration and advice.

There was no lack of people to advise them; the Dutch rarely seem to find much difficulty in disagreement. "There were *quaihais* (*oudgasten*), survivors from the Company, who would hail the restoration of old times with flags and streamers; Daendelians, stout fellows raised out of the dust by Daendels; and Rafflesians, or, rather, Muntinghians, who walked by the New Light which Raffles had brought over from Bengal. But the newcomers, the griffins (*baren*), got into trouble with the *quaihais* for not denouncing Daendels as a numbskull, and with the Daendelians for not worshipping him as a demi-god; so they mostly found their company among followers of the New Light."[6] That was the case with Elout. Just as Raffles had found the Dutch system "clumsy and unwieldy", "at once complicated and confused", so did Elout find the English system "alarmingly lax, confused and uncertain, much more profitable for the individual than for the State" (and it is not improbable that similar criticisms would be voiced on either side to-day). However, Elout, as a Liberal, was predisposed in favour of the new system and found "much good in it".[7] But everything turned on the question of finance. On the one hand complaints were general about the confusion and injustice of the land-rent, and on the other it would be unsafe to forego the profits from spices, coffee, teak and tin. At length the Commissioners referred to the Council of India for a formal expression of opinion on these matters.

The reply was written by Muntinghe in a report that has been compared to a portrait based on the sketch of Van Hogendorp. All depends, he said,[8] whether we are to adopt a System of Trade or a System of Taxation, and he argued forcibly in favour of Taxation, traversing point by point the adverse opinion expressed in the Report of 1803. "Leave the Javan free to cultivate and he will adorn the mountain tops with the labour of his hands, decorate their slopes with fields, lead his waterways through hill and dale, and clothe the land with the crops that he has planted." "Like other men he feels the urge of wants and, to satisfy his wants, he will work, even if he must pay taxes."

But he was averse from giving the people the right to dispose of their land, as this would violate their custom; and, as it would "be venturing on loose and boggy ground" to entrust the whole of production and commerce to private men of business, he would prefer a Chartered Company, which would export produce to the Netherlands, so long as it were not granted a monopoly or allowed to enslave the whole people in the interests of its trade. After further enquiry and a prolonged tour of inspection the Commissioners accepted Muntinghe's arguments, and decided to base their economic system on free peasant cultivation, supplemented by capitalist enterprise so far as might be safe, and by state management so far as might be necessary. They found immense confusion and innumerable defects, but came to the opinion that the system of land-rent must be adopted and gradually improved; it was easier to go forward than to go back, and in March 1818 they published a Regulation for the assessment and collection of land-revenue, followed in July by measures for constituting the necessary staff. "A modern colonial administration was imposed on them from outside." The adoption of the system of taxation determined the framework of their system of territorial administration and, in place of publishing the constitution with which William had provided them, they published a new Constitutional Regulation of their own in December 1818, following it by a *feu de joie* of over thirty proclamations, dealing with every branch of the administration. On 16 January 1819 they made over charge to Van der Capellen as Governor-General, but the last outpost at Padang was not given up by the English till the following May.

6. *The Regeringsreglement of 1818.*[9] This series of enactments is of great importance for two reasons; one, because they mark a definite stage in the constitutional development of Netherlands India, and, secondly, because they serve to explain much that an Englishman still finds puzzling in Dutch colonial administration. Their general effect was a reversion to Dutch principles of government with the incorporation of so much of the machinery devised by Raffles as was essential to the land-revenue system or otherwise seemed useful.

As under the Reglement of 1815, drafted by the King, the

High Government was vested in the Governor-General and four Councillors, and was equipped with a General Secretariat under a Chief Secretary. The Board of Finance and General Chamber of Accounts were reconstituted as under Daendels. The territorial organization was nominally extended to the Outer Provinces, but in fact almost the whole archipelago outside Java was left practically unadministered, though courts were established there with jurisdiction over Europeans. In Java, however, the adoption of land-rent required the maintenance of Raffles' administrative framework of Residencies, Districts (renamed Regencies), Divisions (renamed Districts) and Villages; but two new Residencies were created and, later, on the annexation of Kedu, a third, bringing the total number to nineteen. It was laid down that all officers, European and native, above the village headman, should be remunerated by fixed salaries and not by allotments of land. The land-revenue organization devised was based on that of Raffles, but greatly more elaborate; and it deserves notice that the lower revenue officers were required to supervise such State cultivation as might be continued, and were given the old title of *Opziener*.

In judicial administration the Commissioners revived and extended the old dual system with different law and separate courts for Europeans and natives, and, wherever Raffles had appointed a single judge or magistrate, sitting alone or with a jury or assessors, the Commissioners restored the system of large Benches, with a number of judges each with an effective vote on the decision. For Europeans they retained the Courts of Justice which Raffles had constituted for each of the three ports, but raised that at Batavia to a High Court; Courts of Justice were also constituted for Amboyna, Macassar and Malacca and, in 1825 for Padang; the Court in Batavia was soon split in two: a High Court and a Court of Justice. For Natives they retained the organization invented by Daendels and Raffles, with Courts of Circuit and Residency Courts, the latter being given the name of *Landraad*; all races and classes in Batavia were subject to the Court of Justice until 1824, when a separate *Landraad* was established there. The arrangements regarding the subordinate native courts for the Regency and the District were modelled on those of Raffles. In police administration

likewise they distinguished between Europeans and Natives; for Europeans they appointed Fiscals subordinate to the Procurator-General of the High Court, and matters of police relating to the Natives were delegated to the Residents. But, as explained below, their conception of police functions differed widely from that held by a modern Englishman. The Chinese and other foreign orientals were left under headmen of their own race. Thus the whole scheme of administration was personal, and based on the principle that the rule of like over like is welcome. (*Soort over soort genade is.*)

As mentioned above, the Commissioners took over from Raffles his arrangements for the administration of the tin mines, salt, customs, opium and pawnshops. For Public Works they appointed an Inspector in Batavia, who was to act as superintendent and adviser on these matters to the Residents outside Batavia. They laid the foundations of a Public Health Service by taking over on fixed salaries the vaccinators whom Raffles had remunerated by allotments of land. One matter in which, as William had directed, they displayed a laudable interest was education; within three months of their taking over charge they founded the first public Lower School, and, with the burden of building an empire on their shoulders, could yet find time to frame detailed rules for the behaviour of the pupils, directing them, among other things, not to leave the room unless this were urgently necessary, and to return as soon as possible. An Inspector of Schools was appointed, and by 1830 there were schools for Europeans in most of the large towns, some of them being conducted in Malay.

7. *Principles of Dutch Administration.* This brief summary of the administrative system devised by the Commissioners shows that they did not merely, as Day suggests, "adhere in most points to the arrangements that they found existing after Raffles' reforms";[10] they went back, rather, to Daendels and the Report of 1803. It is true that they preferred the System of Taxation to the System of Tribute, and therefore used the machinery which Raffles had invented for this purpose; but they used it on a very different principle of government. It was the policy of Raffles so far as possible to assimilate all classes, and his departures from this policy were only for convenience,

whereas the Commissioners on principle adopted a dual system of administration. Secondly, Raffles adopted the practice of British India by which the assistant of an officer is his subordinate, but the Dutch, then as now, preferred to regard him as an agent or representative. These two principles of government were combined by the Commissioners when fixing the relations between the European and native officers. Under Raffles the Regent and his native staff were subordinate to the Resident; but the Commissioners although placing the Regent under the orders of the Resident, directed that he should be treated as a "younger brother", and "the first person among the natives in the Regency". It deserves notice, as indicating the position of the Regent relative to the Resident, that the term "younger brother" had long been used to express the relation between a vassal and his lord,* and is still used by the Susuhunan in addressing the Sultan, nominally his feudal vassal; moreover, the Assistant Resident had no authority over the Regent except as being the representative of the Resident. In this matter, however, as in others, the arrangements were characterized by uncertainty. For the Commissioners shared the distrust of the Regents which had been manifest since 1803, and they took measures even more stringent than those of Raffles to restrict their influence; they not only refused to concede them the right of hereditary succession but directed that they should be paid by a fixed salary instead of, as under Raffles, largely by allotments of land. Moreover, a careful examination of the duties allotted to the various grades of native officer shows that direct relations were established between the Resident and the Divisional Officer, and that the Regents were practically excluded from administrative routine.† They may have been consoled by

* This was also a practice under native rule in Burma.

† Duties of Regent under ISB. 1819, No. 19, vii.

In the section dealing with Headmen there is only one incidental reference to the Regent.

Similarly, in the section dealing with District Officers, the Regent was practically ignored. The District Officer could not make arrests without the orders of the *Resident* (23), must forward suspects direct to the *Resident* (26), must obtain the orders of the *Resident* for discharging suspects (26), and report serious offences, such as arson, to the *Resident* (25). It was the *Resident*, and not the Regent, who appointed members to the District Court; cases were to be reported weekly to the *Resident*, and contumacious offenders

the respect shown to their position in elaborate rules prescribing umbrellas, decorations and retinues, not only for themselves but also for their consorts and their legitimate and illegitimate sons; but it is clear that the Commissioners hesitated between Raffles' system of direct rule and the system of "supervision rather than direct rule", as advocated in the Report of 1803.

Yet there was still another, and greater, difference between the administrative organization of Raffles and that of the Commissioners. To Raffles, the pivot of administration was primarily, as in British India, the Magistrate and Collector;* he empowered the Resident, sitting alone, to try all cases not punishable with death, and in his elaborate instructions, dealing minutely with the prosecution and trial of offences and with the assessment and collection of land-revenue, his view clearly was that, if the people were given freedom and equality before the law, they could look after their own interests. The Commissioners took a very different view; in the words of the Report of 1803, their conception of their duty towards the native was "to treat him more like a father studying to promote the welfare of his children than like a ruler governing his subjects". They laid the foundations of the present tradition of Dutch colonial administration that administrative officials are primarily police officers, but officers of police in a sense extending far beyond the modern conception of a policeman and covering "the spontaneous and autonomous (*zelfstandig*) promotion of the interests of land and people";[11] police officers in a sense which Adam Smith implied in his Glasgow Lectures when he included all his economic teaching under this head, officers of "policy". The Resident could exercise magisterial and judicial powers only as President of a tribunal, but he was given practically a free hand, as an administrative officer and entirely without reference to magis-

to be reported to the *Resident* (45). Thus the District Officer was treated as directly subordinate, not to the Regent, but to the Resident.

Apart from the clauses relating to the Regency Court, the section dealing with Regents comprises only three clauses, and restricts the petty judicial powers of the Regent to civil cases. The position of this section indicates that the Regent was considered less important than the Jaksa, or Head Prosecuting Officer.

Moreover, the grading of the Regents in three classes tended to emphasize their official character rather than their status as hereditary nobles.

* Note, however, that, at least on paper, these were separate appointments and not, as usual in British India, held by the same person.

terial powers or judicial procedure, to impose minor penalties, on what came to be termed the "Police Roll", for any such matter as he might choose to regard as a breach of good order; also he was directed to promote agriculture, to look after civil buildings, roads and bridges, to supervise the administration of charities and "particularly to take care that no one whosoever shall ill treat, mishandle or arbitrarily abuse the natives".[12] Similarly the Regent was directed to superintend cultivation, to see to the gathering and packing of produce, irrigation, the improvement of cattle, the promotion of hygiene, the foundation of schools and, in fact, every aspect of native welfare from the encouragement of vaccination to the suppression of witchcraft.[13] The Regents, although practically excluded from the detection and prosecution of offences, were police officers in the Dutch sense, welfare officers, as they still are to this day. Raffles worked on the principles of Adam Smith because they were both native products of the same political climate and economic circumstances; the Commissioners were liberally inclined because they were convinced by the arguments of Adam Smith, but they inherited different traditions, the traditions of Roman Law and positive government, and it was in line with those traditions that they laid the foundations of Dutch colonial administration; the seedling which they planted was not from any English garden but a native Dutch plant, cross-fertilized from English stock.

8. *Economic Policy.* The economic policy of the Commissioners, like their administrative policy, was marked by uncertainty. They looked to freedom of enterprise as the best means of encouraging production, but, while anxious to promote the freedom of the peasantry, were uncertain how much freedom should be allowed to capitalist enterprise and European colonization. Under the Company, in the Report of 1803, and under both Daendels and Raffles, these had been regarded with suspicion, and the Commissioners set out from that standpoint. In their Constitutional Regulation they laid down that "the hiring out of villages on any pretext whatsoever is now and for ever abolished" (Art. 111); they also placed restrictions on the use by capitalists of the land and people (ISB. 1819, No. 10); and as regards the further encouragement of capitalist enterprises and colonization they decided to await orders from the

King (Constitutional Regulation, Art. 106).[14] They were uncertain also how far it would be safe to neglect State cultivation as a source of revenue, and made it clear that the produce of Government plantations was State property which must be delivered to Government (Art. 107), though they hoped to bring the plantations into line with the revenue system (Art. 80). At the same time they devised an administrative organization, far more costly than that of Raffles, which made it practically impossible to risk any sacrifice of revenue.

The effect of these arrangements was to place Van der Capellen as Governor-General in a difficult position, aggravated because he received no orders from the King regarding the encouragement of capitalist enterprise. The regulations protected the land of the cultivators, but did not protect their crops; and capitalists, by advancing money to the cultivators, could obtain their produce at absurdly low prices. This prejudiced Government in two ways; it left the cultivators unable to meet the revenue demand, and on the coffee plantations much of the produce that was really the property of Government went to private individuals. Van der Capellen tried to prevent this. In 1820 he closed the Preanger to the Chinese, and also to Europeans except under a written permit. Then, as there were still complaints that middlemen, by giving advances or otherwise, were cutting off the people from markets where competition would ensure reasonable prices, orders were passed in 1821 imposing limits on godowns outside Residency headquarters. There were difficulties also regarding capitalist enterprise. Planters who failed to obtain land from the Dutch Government went on to the Native States, and Van der Capellen found that the Residents in these States were giving out land on their own authority, and even to themselves. He forbade this in 1821, but on a subsequent tour discovered that the princes and native aristocracy were alienating to Europeans their quasi-sovereign rights. He therefore directed in May 1823 that all concessions since his previous order should be cancelled, and that moneys paid to local grandees for such concessions should be refunded. This of course had long been spent, so the result of his orders was that the planters lost their money, the local grandees lost their source of income, and the native rulers lost prestige.

These actions of Van der Capellen have been warmly criticized by writers of the Liberal school as a deliberate attack on free enterprise in the interests of state monopoly.[15] It is true that by 1823 the financial position was so critical that Van der Capellen must have been anxious to safeguard the State income from produce, which free cultivation tended to jeopardize; but in the earlier years, when his budget showed a surplus, he cannot have been seriously apprehensive on this ground, and it seems more probable that he was endeavouring loyally to abide by the arrangements which the Commissioners had devised, and trying to encourage free cultivation by the peasant, while at the same time protecting him against abuse.

9. *Economic Progress, 1815–24.*[16] For a time progress was satisfactory. After the accumulation of war stocks had been cleared, prices rose rapidly: coffee which fetched only f. 7·50 a pikol in 1816 rose to f. 20 in 1818, and the output rose from some 50,000 pikols in 1816 to nearly 300,000 pikols in 1823; for a time high prices encouraged the cultivation of sugar, and steam power came into use in pressing it; tobacco and indigo likewise found a ready market, and the cultivation of rice expanded. The sale of produce in Java instead of in Europe stimulated local prices, attracted imports and encouraged business, and in 1818 an Exchange was opened; by 1819 the number of ships arriving in Batavia rose to 171 and by 1821 there were sixteen firms in business there.

But very little of this business was in Dutch hands. Of the 171 ships that reached Batavia in 1819, there were 62 English, 50 American and only 43 Dutch. Attempts to secure openings for Dutch shipping and goods were ineffectual. Raffles had devised an ingenious method of encouraging British trade without differential customs-duties by raising the invoice value 30 per cent. for goods on British ships and 60 per cent. for goods in other ships; in 1817 the Dutch adopted this system, but gave the advantage to Dutch ships; in 1818 a uniform enhancement was accepted but the duty fixed at 6 per cent. for Dutch ships and 12 per cent. for others, and in 1819 a further revision allowed the import of Dutch produce in Dutch ships free of duty. Despite this advantage the Dutch failed to secure one-third of the shipping. They made still less progress in the imports of

home manufactures. In 1818 they sent out samples, and in 1820 the first consignment of goods for sale. These, however, were so inferior to English goods that in 1823, out of a total import of cotton goods to the value of f. 3·7 million, English goods accounted for f. 3 million and those from the Netherlands for no more than f. 192,000. Even this small share was Belgian, for the Dutch were still asleep.

Thus, although production was increasing, the trade and profits were going mostly to the English. Meanwhile the financial position was growing more difficult. When taking over the colony from the English the Commissioners had to pay more than they expected; they set up a far more costly administration than that of Raffles; and they attempted to pay every one a fixed salary instead of remunerating native officials wholly or partly by allotments of land. The Dutch seem to have greater difficulty than the English in accommodating principles to facts and, when their principles required a Liberal system of administration, they acted on them regardless of expense. Raffles likewise had been Liberal on principle, but also for convenience, and in practice had carried his principles no further than convenient. Also Raffles acted on the English tradition of cutting his coat according to his cloth; if there were no money for roads and buildings then, however deplorable, roads could not be built nor buildings erected. The Dutch, one feels, aim higher in such matters and tend, rather, to fix their standards and then look round for the necessary funds. That, at least, is what happened in 1816. Then, after spending money freely on new establishments and new buildings, Van der Capellen had to face a succession of costly outbreaks in the Moluccas, in Borneo and Celebes, in Palembang and on the west coast of Sumatra, so that his financial position soon became very difficult.

Moreover, his difficulties were aggravated by a mistaken currency policy; though it was in financial administration that he had first made his mark. But in this matter also he was merely working along lines laid down by the Commissioners. Before they left home it was decided to introduce a new monetary system instead of adopting the English coinage, and they took out with them f. 2 million in specie; but they expected to enrich the native and attach him to the Dutch Government by putting

plenty of money in his pocket and, just after their arrival, they wrote for larger supplies of cash, especially copper, "so that the little man may see how much King William loves him".[17] By 1817 the f. 2 million was exhausted and paper money had been given out to the extent of another f. 2 million. Their preference for copper token money led to the disappearance of silver from circulation; trade and revenue were prejudiced and Government experienced difficulty in raising loans.

The financial stringency was in no way due to the failure of land-revenue as a source of income. Although Raffles had been too optimistic in expecting immediate returns from this source, it was showing a yearly increase and, regarded merely as a fiscal expedient, beginning to justify his expectations; from Rs. 2·47 million in 1814–15 it rose to f. 5·41 million in 1823. As the demand was fixed by an annual bargain between local officers and village headmen, the increase may have been due to a rise of prices rather than to the expansion of cultivation; however, it was bringing in a substantial yield. Yet this was by no means adequate to meet expenses. Raffles derived one-third of his income from land-revenue but the Commissioners roughly one-eighth, and, while land-revenue was rising, revenue from other sources fell. Although there was an annual surplus up to 1819, this was succeeded by an annual deficit, and by 1823 Van der Capellen was finding it necessary to borrow money on promissory notes at 9 per cent. to meet the current expenses of administration. The post-war boom had been followed in due course by a depression; in 1823 there was a slump in the price of coffee, and the fall of prices, together with the restrictions imposed on capitalist activity, led to a general decline in production.

Revenue and Expenditure, 1814–23[18]

	Revenue (millions)			Expenditure (millions)
	Land revenue	Other sources	Total	
1814–15	*2·47*	*5·05*	*7·52*	*9·09*
1818	3·25	20·20	23·45	19·80
1820	4·01	19·75	23·76	25·07
1823	5·41	16·47	21·88	22·65

Rupees in 1814–15, Guilders (f.) in later years.

10. *Foundation of the Nederlandsche Handelmaatschappij.*[19] The exact position was not known to Van der Capellen because the accounts were many years behindhand, and Government failed to recognize that it was working at a loss. The position was still less known to William, who in 1822 pressed Van der Capellen to carry on his work and promoted him in the order of the Dutch Lion. But the King was growing perturbed at the apathy of the Dutch, who were still dreaming of 1600 and, as then, could not combine except on the smallest scale; they had the same particularism, but no longer the same energy. In Belgium, which had not been overshadowed by the Company, his efforts were meeting with some response, and the manufacturers of Ghent boasted that in ten years grass would be growing in the streets of Amsterdam. William experienced a new shock when a German company appointed agents in the Netherlands for the export of Dutch goods, but he still hoped to make something of Java and eagerly sought news from Muntinghe, who came home on leave in 1823. This brought William fresh disappointment, for he learned that, although the English had given back the colonies, they still retained the trade, so that the Dutch were bearing the cost of administration while the profits went to foreigners, mostly English and American.

This gave Muntinghe an opportunity to broach a long-cherished project. He still believed in land-revenue as the main source of income, but had always advocated that in respect of trade the break with the old system should be gradual. The Dutch, he argued, suffered from a lack of merchants with capital, but they could pool their resources by subscribing to a Dutch company which would have sufficient funds to compete against the wealthy English merchants and, without relying on monopoly, would be able to ship large quantities of produce for sale in the Netherlands. On being directed to consult commercial leaders, Muntinghe found that they would welcome the project if a lead were given by the King. William was delighted to think that his people were at last beginning to respond to his advances, and, with an imagination which only too readily took fire, he threw himself with his usual energy into the formation of a company. Without waiting for a detailed scheme, he outlined the project in a decree, published in March 1824, directing the

leading Chambers of Commerce to call for subscriptions in a company with a capital of not less than f. 12 million and not exceeding f. 24 million; he undertook to subscribe personally f. 4 million and so much more as might be required to bring the capital to the fixed minimum, and guaranteed a dividend of 4½ per cent. out of his privy purse, reserving to himself the right, not as head of the Government but as chief shareholder, to nominate the Chairman and Secretary. Even the merchants of Amsterdam were not too sound asleep to gamble on the principle "Heads, I win; tails, you lose"; and on the first day that the lists were opened the subscriptions reached f.69,565,250. The King had at length aroused his countrymen. But with applications on this scale, why be content with a comparatively small company confining its operations to India? He therefore fixed the capital at f. 37 million, and approved Articles of Association explaining that the company was intended as a powerful instrument of social welfare which should "bring a new life to all things" by providing an import and export agency for the Netherlands throughout the world, and would supply the country with commercial information so that consuls would no longer be required. The Articles provided that the company was to be on the same footing as any other company in respect of its relations with the State; but it was significant, and a disappointment to the merchants of Amsterdam, that the royal capital, the Hague, was chosen for its headquarters.

This was not at all the kind of company that Muntinghe had designed, and he foresaw failure for an enterprise on so vast a scale and covering so wide an area. William had no use for people who threw cold water on his plans, and Muntinghe, who had hoped to be President, retired to Java. Meanwhile Baud, the wise young naval officer who had landed in Java with Janssens, with his usual instinct for quitting a sinking ship had left Java and found a place in the Colonial Office, where he could display his skill in giving effect to the wishes of his masters; by his dexterity the rising opposition was circumvented, and the *Nederlandsche Handelmaatschappij* (N.H.M.) was registered on 7 February 1825.

11. *The End of Raffles' Experiment.*[20] The foundation of the N.H.M. was the first great blow to the system inaugurated by

Raffles. Raffles held that free peasant cultivation would best stimulate production and be best for British trade; the N.H.M. was founded because the policy of allowing freedom to the peasant in his cultivation and in the disposal of his produce proved unfavourable to Dutch trade. It was the first deliberate departure from the system of Raffles, and the first step towards a planned economy; the end was not long in coming.

Public opinion in Batavia was hostile to the new Company. Business firms, predominantly English, who bought their supplies in Java did not welcome a competitor who would have a preference in obtaining produce and would despatch large quantities for sale in the Netherlands; also there would be less money in the country for the purchase of imported goods. By this time the difficulties of Van der Capellen were so pressing that he could not face a fall of prices and, indeed, could hardly afford to alienate the English firms. When Muntinghe arrived in May 1825 he was met with general reproaches, but he had no belief in William's plan and helped to stiffen the opposition. Shortly afterwards orders were received for the sale on the quiet of 12,000 pikols of coffee to the Company. Fortified by the support of two Members of Council, Van der Capellen took advantage of a flaw in the instructions to supply no more than 2000 pikols. This saved him f. 300,000 which he could ill afford to lose; but it cost him the favour of the King, who angrily recalled the two Members of Council to Europe. By this time, moreover, William's opinion of Van der Capellen was already shaken. In November 1823 Van der Capellen had applied for his approval of a loan of f. 6 million from an English firm in Batavia on the security of the revenues of the new district, Kedu. Despite the urgency of the matter William held it over until the N.H.M. had been founded, and then, in contravention of his undertaking that there should be no connection between the company and the State, within a month of its birth obtained from it a loan of f. 8 million. The delay had aggravated the position. Trade was passing to Singapore, which Raffles had "unlawfully annexed" in 1819; the guilder was 30 per cent. below par; the accumulated debt had risen to f. 20 million, about as large as the annual revenue, and there was an annual deficit of some f. $2\frac{1}{2}$ million. Early in 1825 Van der Capellen

was due to pay the rent on the districts recently taken over from the native States; he had received no orders on his application of 1823, and in December 1824 he arranged a loan of Rs. 15 million *sicca* (f. 20 million) at 9 per cent. from an English firm in Calcutta, pledging as security "the revenues, incomes, territorial possessions and all property, moveable and immoveable of His Majesty the King of the Netherlands and the High Government in India". When the news reached William in May 1825, he was furious. He had already decided that Van der Capellen could not be trusted in finance, and that in future he must submit five-yearly estimates of his expenditure and undertake no public works without previous sanction. Now he refused to ratify the arrangement or even to listen to the proposals, and directed that Van der Capellen should be recalled.

In September the King sent out Count du Bus de Gisignies, a Belgian capitalist, as his Commissioner, with full powers to take all such measures as should appear suitable to restore solvency and order.[21] This was more than a change of person. William still believed in Liberal principles, but had come to expect more from capitalist enterprise than from peasant cultivation. That was the view also of Du Bus and by now represented the general opinion; even Muntinghe, the "fanatical advocate of land-rent", was compelled to admit in the last of his famous Minutes, written in 1825, that every one except the blind must recognize some defect in the system, either in its principle or in practice. He retired and died in 1827 a disappointed man; as Baud, his brother-in-law, remarked, on hearing of his death, "he had ceased to be useful". The experiment which Raffles had undertaken, on his advice and with his fervent support, had failed.

12. *Du Bus.* Du Bus reached Java in the beginning of 1826; like Elout he was a Liberal, but "poorer for the loss of some illusions", and by April he had already seen enough to confirm his opinion that "the introduction of free [i.e. capitalist] cultivation, together with an enhanced production of all kinds of export crops, was the only way to place the trade and revenue on sure foundations".[22] This preliminary report was followed by one in May, 1827,[23] drafted apparently by his secretary, the son of G. K. van Hogendorp, in which he surveyed the

forecasts of Raffles and Muntinghe in the light of fact, and painted the results of a new plan in the glow of his imagination. Raffles had concentrated on demand; "increase the welfare of the peasant and we can sell him more". Du Bus concentrated on production; "increase production and the peasant will be able to buy more".

The Javan, he argued, wants little and will produce no more than will satisfy his wants, but "the one matter of overwhelming importance is production, especially production for export.... In this our whole interest is bound up. Our commerce seeks produce for our markets, our shipping seeks freights, our factories seek an outlet for their manufactures and can find no outlet unless production be increased." High prices do not stimulate the peasant to produce more, because he does not benefit by them; "for a cash-down advance he will sell not only his standing crop, but his land and three times as much as it can produce" and the profits go to the headmen and traders. "Despite the high price offered for coffee, it has never become a voluntary crop"; the cultivation of coffee is due wholly to the orders of the Resident, the supervision by the *Opziener* and the agency of the Regent and village head. Left to himself the peasant cultivates nothing but a tiny plot of rice-land sufficient for his needs; he is even abandoning the cultivation of cotton and indigo because he buys imported English goods, so that he is idle for eight months of the year and finds no employment for his idle hands but mischief, with a consequent increase of crime. "When in the course of time the whole of Java comes under cultivation, the people will be what they are now, peasants, each cultivating a small patch for the wages of a labourer, and barely subsisting on what the land yields and the State leaves." Free peasant cultivation had not enhanced the welfare of the people; trade was stagnant with exports worth about f. 7 million, and imports, for a people of 6 millions, worth only some f. 4 million, about the same figure as in the English slave colonies with a population of $1\frac{1}{2}$ millions. For the State revenue the results had been equally disastrous.

The remedy is an increase of production "not merely following with slow steps the increase of the population but going ahead of it with giant strides, so that the people may have more

to spend on the products of our factories". Land and labour are plentiful, but what is lacking is energy, enterprise and, chiefly, knowledge. All this could be supplied by European colonization, but "a colonization with capital rather than with men".

He advocated, therefore, that concessions should be granted to capitalists on easy terms, preferably in populous areas where labour would be available; that greater facilities should be provided for the leasing of land by Natives to Europeans; and that the regents should be allotted land in lieu of salaries, as this would save expense, encourage large-scale native cultivation, and be pleasing both to the regents and to the people as increasing the influence and dignity of the native aristocracy. Thus, he concluded, under the influence of capital, agriculture would prosper and, with a people free in the disposal of their person, time and labour, there would no longer be a thousand wealthy and six million poor, but a *general* welfare would take root, and the poorest coolie, instead of wasting time on weaving his own clothes, would be able to buy the better and cheaper products of the Netherlands. "Every guilder a head means f. 6 million for our manufactures."

The measures taken by Du Bus were in line with his Report. Economy was essential, and he cut down salaries (Resident to f. 1250, Assistant to f. 500) and the number of Residencies, and replaced the Inspector of Education by an unpaid Committee. With a view to increasing production he abolished the restrictions which had been imposed on the residence of Europeans in the interior, and on the granting of waste lands, and on the hiring of lands by Natives to Europeans, and he gave out grants of waste land on 25-year agreements at a rent of one-tenth of the produce with exemption for the first five years. He started an Agricultural Committee with local branches, introduced cinnamon, tried to introduce opium, experimented in silk production and sent an officer to study tea in China. But his most durable achievement was the foundation of the Java Bank, which he hoped would restore the currency and provide finance for the capitalist development which he anticipated; in this, however, he met with little response from the limited public, and when it was constituted on 24 January 1828 practi-

cally the whole capital of f. 1 million was subscribed in equal shares by the Government and the N.H.M. Another great step forward was the compilation of trade statistics beginning with the year 1825.

For these and other changes he provided a legal basis in a new Constitutional Regulation (*Regeringsreglement*) in 1827.[24] This followed generally along the lines of the corresponding Regulations of 1818, but marks a further stage in administrative and economic development. The restrictions imposed by the King in 1825 on the financial powers of the Governor-General were embodied in provisions which directed the Government to submit five-yearly estimates and to keep within the allotments sanctioned by the King, and did not even allow it to transfer funds from one major head of accounts to another. The Regulation also imposed new limits on the Government by strengthening the departments of finance and audit; control over the finances was allotted to a Board (*Generale Directie*) with three members, and the Chamber of Accounts was enlarged from three members to five. Thus the new Regulation increased the power of the Home Government and limited the power of the Colonial Government.

The economic policy of Du Bus found expression in the clauses relating to land-revenue, the leasing of land to Europeans by Natives, the granting of concessions to Europeans, and the provisions for State cultivation. Less stress was laid on land-revenue than in 1818; in the Outer Provinces it was not to be extended further and, where it seemed unsatisfactory, it was to be withdrawn; in Java it was to be retained and improved "so far as could be expected of that system" "*tot den graad van volmagtigheid te brengen, waarvoor dat stelsel vatbaar kan worden geacht*" (Art. 78). The granting of land to Europeans was to be encouraged in all ways (Art. 111). The law regarding the leasing of land by Natives remained practically unchanged (Art. 117), as it was consistent with the adoption of new rules. Similarly the old provisions regarding State cultivation were taken over (Art. 84).

13. *Economic Progress*, 1825–30.[25] The Report of 1827 was a devastating criticism of the policy of Raffles and Muntinghe, and contains much that is of permanent value; but Du Bus, like

Raffles and Muntinghe, was too optimistic in his expectations. There was an increase in the output of sugar, due probably to a rise in price in 1828, and the number of indigo factories is said to have risen from 3 to 20. But these were counterbalanced by a fall in the price of coffee, so that both the total value of exports and the value of exports to the Netherlands declined, as is apparent in the following table.

Exports of Private Merchandise, 1825–30*

Year	Total value of exports (f. 000)	Value of exports to Netherlands (f. 000)	Details of					
			Coffee		Sugar		Indigo	
			Pikols (000)	Value (f. 000)	Pikols (000)	Value (f. 000)	Pounds (000)	Value (f. 000)
1825	16,026	8,494	277	8,606	16	237	5	36
1826	12,791	6,506	340	6,791	19	312	9	44
1827	14,868	8,362	399	7,321	32	503	8	36
1828	16,299	9,118	416	8,024	25	456	23	94
1829	13,818	6,843	281	4,935	73	1,231	46	150
1830	12,753	6,586	288	4,577	108	1,558	?	48

Private Merchandise includes Government consignments of produce.

Tobacco exports also declined in value under Du Bus from f. 786,000 in 1825 to f. 180,000 in 1830, and the export of rice fell from f. 1,094,000 in 1825 to an average of f. 979,000 in the five years 1826–30. By the end of his time nothing had come of his attempts to encourage tea, cinnamon and cochineal. Thus the efforts of Du Bus to enhance production by the encouragement of capitalist enterprise were a failure.

Yet at the same time there was a rise in imports. This would seem to contradict the theory of Du Bus that imports depend on exports, but it may well have been due to the Java War which broke out in 1825. Very notable, however, was the increase in the imports of cotton goods from Belgium, due in part to the crisis of 1825 in England and the improvement of Belgian manufactures, but still more, probably, to manipulation of the tariff.

* These and subsequent statistics for Trade and Shipping are taken from de Bruyn Kops, *Stat. v.d. Handel*, up to 1865, and for later years from the *Jaarcijfers* or *Statistisch Jaaroverzicht*; supplemented, where necessary, from the Annual Trade Returns.

When the Dutch in 1824 acquiesced in the "unlawful annexation" of Singapore, they agreed not to impose differential duties on British ships and subjects, but, just afterwards, drawing a fine distinction, they ruled that this did not apply to British goods, and they imposed a duty of 25 per cent. on foreign cotton and woollen goods, with an extra 10 per cent. if imported, like most British goods, from Calcutta or Singapore. The growth of imports during these years is shown below.

Imports of Private Merchandise, 1825–30.[26] (f. 000)

Year	Total value	From Netherlands	Of Netherlands origin	From England	Cotton Goods			
					Total value	From Netherlands	Of Netherlands origin	From England
1825	12,437	2,478	634	1,930	1,696	257	213	1,384
1826	10,250	3,873	2,045	1,078	2,211	1,343	1,256	738
1827	13,143	3,263	1,372	2,094	2,827	883	857	1,698
1828	15,359	6,459	3,698	2,166	4,890	2,965	2,951	1,860
1829	14,567	6,708	4,358	1,899	5,118	3,507	3,446	1,541
1830	15,038	6,305	3,628	1,724	3,884	2,550	2,373	1,217

After the formation of the N.H.M. most of the coffee went to the Netherlands; so also did the largely increased export of sugar—in 1825 the value of sugar exported to the Netherlands was only f. 73,000, and in 1830 it was f. 1,312,000. These exports, together with the growing import of Belgian cottons, gave a stimulus to Dutch shipping, and in 1830 the tonnage under the Dutch flag had risen to 91,000 tons against 79,800 in 1825, whereas the number of English ships had dropped from 53 to 44 with a slight decrease in tonnage, and the number of American ships had declined from 38 to 13 with a drop in tonnage from 12,962 tons to 4050 tons. As regards Dutch shipping, these figures are misleading as they include trade within the archipelago, but it seems that the number of ships from the Netherlands rose from 57 of 19,160 tons in 1825 to 110 of 44,800 tons in 1828. But the trade was uneconomic; for the imports, cottons, coins and opium, had large value in a little volume, and the exports, mostly coffee, had large volume with little value.

The partial improvement was in great part due to the N.H.M.; but this, however, was passing through a difficult period, mainly, as Muntinghe had foreseen, because of its wide scope and excessive capital, which compelled it to embark on many unremunerative experiments. Moreover, it was hit by the crisis of 1825–26, and by the fall in prices of tropical produce, and was hampered by the strongly entrenched position of the English in Java. In 1829 it managed for the first time to close its books without loss, and even to pay the guaranteed dividend without calling on the King's purse; but it had been compelled to reduce its capital to f. 24 million by buying in shares below par and it still owed the King f. 3 million.

Meanwhile the financial position of Government had gone from bad to worse.[27] Investigation revealed that from 1816 to August 1825 there had been a net loss of f. 16 million together with another f. 8 million of uncovered paper. Du Bus had no chance to restore the position as he had to meet the expenses of the Java War, caused largely by Van der Capellen's intervention in the native States in 1823. In 1826 William had to obtain the approval of the States-General for a loan of f. 20 million to clear off the mortgage on Netherlands India arranged by Van der Capellen, and war charges led to further loans of f. 2·7 million in 1827 and f. 15 million in 1828.

14. *Social Economy*.[28] The disasters which befell the Dutch during these years of uncertainty were largely due to the economic policy which they inherited from Raffles; but if Raffles had remained it is probable that the course of events would have been very different. He would certainly not have gone to such vast expense on personnel and building; there would have been a gradual but sufficient growth of revenue, and great profits would have accrued to British merchants and manufacturers. But the Dutch were not alone in their distress; the Natives were in as bad a case, and it is unlikely that these would have done better under Raffles. Raffles, as Van Vollenhoven admits, was more statesmanlike than the Dutch in recognizing the importance of a knowledge of native custom in tropical administration; Van Hogendorp, Engelhard and Muntinghe blundered up against village institutions, but Raffles looked for them. Where Raffles went wrong was in interpreting the results

of the enquiry; there was no sufficient warrant for his theory of State property in land, or for the election of village headmen, and he was mistaken in his view of the Javanese village. He was probably mistaken also in thinking that he could attach the people to British rule by reducing the regents to nonentities. Both Du Bus and Van den Bosch agree that the cultivator derived little benefit from the rise of prices, and even Muntinghe was forced to admit that something had gone wrong with the policy of allowing people freedom in the disposal of their produce. The natural tendency of the policy of Raffles was to hand over the people from the native aristocracy to the money-lender; that is what happened during the tentative liberalism of early Dutch rule, and would probably have happened under Raffles, just as over British India in general. Moreover, as the native heads seem to have remained in possession of their lands despite the regulations, cultivators were exposed to the rapacity both of their own masters and of the money-lenders, mostly Chinese. In another way also the policy of Raffles worked to the prejudice of the natives. The cotton goods imported from England replaced those woven at home, throwing the weavers out of work, and the cotton and indigo fields out of cultivation. The substitution of cheaper and better imported goods might have profited the Javanese, if they could have taken full advantage of it; but from the field of commerce they were shut out by the Chinese and, in some measure, by the Arabs. Raffles had feared lest the Arabs might "baffle all competition", and had hoped that the Chinese ascendancy might be restrained "by bringing forward the native population, and encouraging them in useful and industrious habits";[29] but the final effect of his system was to depress the Natives, and to strengthen the position of the Chinese and Arab money-lenders and merchants.

All this necessarily reacted on native social life. The Regents and other native heads, round whom it centred, lost much of their prestige; and the people could no longer fill the year with useful labour, but were condemned to idleness. They were poorer than before and had less to keep them busy; and at the same time the native heads, in losing their prestige, lost also much of their authority and were therefore less able to maintain

order. One result was an alarming growth of crime. Although the estates owned by absentees in the vicinity of Batavia, where there were no regents, were mentioned in the Report of 1803 as the resort of criminals, the Jacatra and Preanger Regencies, according to Raffles, had long enjoyed the reputation of being "in a high degree free from crime".[30] But this did not long continue. A Report of 1826 draws attention to the roving gangs of dacoits, living by arson, robbery and murder, with which Java was infested. Du Bus, in his Report of 1827, illustrates this theme by mentioning an estate near Batavia which no one had dared to buy for fear of robbers and murderers. Van den Bosch, on his arrival as Governor-General in 1830, found a numerous class of "proletarians", living by theft.[31]

Thus, although Raffles claimed for his system that it was based on native custom and would enrich the people, in application it impoverished them, broke down their customs and undermined their social order.

15. *Van den Bosch.*[32] In 1830, then, the position in the East was critical. It was no less critical at home. William had the imagination, the optimism, and in some degree the morals of a modern financier; he thought in millions and disregarded the possibility and consequences of failure, and one result of his vast schemes was a tremendous load of debt; between 1815 and 1830 the debt rose from f. 600 to f. 900 million and the annual charge for interest from f. 15 to f. 25 million. The Home Government, like the Indian Government, was threatened with bankruptcy, and it was more than ever essential that Java should pay its way. The measures and proposals of Du Bus were therefore carefully scrutinized. In India they were unpopular. Officials in general, especially those of higher rank, trained under Van der Capellen and imbued with the ideas of Muntinghe, were strongly opposed to exploitation of the natives by Europeans. The plan of Du Bus, it was said, involved compulsion, but the profits would all go to capitalists and, if compulsion were essential, the old system of the Company was preferable. In Europe opinion was more favourable. Elout, now Colonial Minister, as an orthodox Liberal advocated freedom for the capitalist as for the cultivator, though he wished to ensure better protection for native rights in lands granted to capitalists.

The Council of State accepted the proposals of Du Bus, but thought they showed too little concern for native welfare, and contributed the strangely modern suggestion of a minimum wage for labourers.[33] At length the proposals came before a man with a wholly new point of view; this was Van den Bosch, a great man who has been grossly libelled and who is only now beginning to receive his due meed of praise.

Van den Bosch joined the army as a boy and, going to the East, earned the favour of Van Overstraten, the last, and one of the ablest, Governors under the Company. He rose rapidly in the army, married the daughter of his colonel, and employed his leisure in reclaiming an estate of a few thousand acres near Batavia. The arrival of Daendels changed his prospects. Van den Bosch had no belief in new-fangled ways, and became involved in a quarrel between Daendels and his father-in-law; he therefore resigned the army and improved his estate to such good purpose that, when deported by Daendels in 1810, he sold it for eight times what he had paid for it. Thus he had already shown himself possessed of ideas, energy and practical ability.

On arriving home he devoted his enforced leisure to studying the fashionable science of political economy, not, however, as a mere recreation but to find a solution for two urgent problems, the relief of poverty and colonial administration. On the restoration of the House of Orange he rejoined the army, rising in 1815 to be Chief of the General Staff. But he did not neglect his economic studies and in 1815, when Daendels published his Apology, there appeared a keen criticism of it in a brochure, regarded as certainly the work of Van den Bosch, "containing the whole Culture System in a nutshell". This was followed in 1818 by a treatise in two volumes on "The Dutch Possessions in Asia, America and Africa". Here he returned to the charge against the "perverted Liberalism" of Daendels and Raffles; for Van den Bosch, himself, like all intelligent people of the time, claimed Liberal views, but he knew more than most Liberals about Java and the Javanese. "No one", he said, "believes more firmly than I in a Liberal policy adapted to their character and institutions, but to apply to an ignorant and idle people the Liberal institutions of an enlightened age is as im-

possible as to introduce religious toleration among blind fanatics. First one must try to enlighten their understanding, and then to improve their institutions. This was the wisdom of the great men of the Company, and to have forgotten it was the chief fault of Daendels and Raffles."[34]

But at the time Van den Bosch could do no more on colonial affairs than offer his advice, and he was essentially a man of action. The other great problem, the relief of poverty, gave him something that he could do. The accepted solution was the foundation of "pauper factories", where capitalists made work for the poor on pauper wages, a practice that was inefficient both as industry and as charity. Van den Bosch inclined to a solution which had much in common with the ideas of Robert Owen and with many recent post-war schemes; in 1818 he founded a Benevolent Society (*Maatschappij van Weldadigheid*), which should relieve urban poverty by settling on the land self-supporting colonies of urban paupers. For the next few years this occupied his whole attention.

This settlement of Van den Bosch and his Treatise of 1818 attracted the attention of William I who, despite his urgent protests, sent him in 1827 to restore prosperity in the West Indies, which were in as bad a way as Java. His work there is of interest as throwing light on his subsequent administration in the East. He advocated government through the people, and appointed men of colour to high offices; but he regarded the uneducated and the slaves as children, and founded a special Board to safeguard their interests, at the same time improving the legal status of the slaves. In September 1828 he returned home with a portfolio of statistics and a Report showing that the West Indies, instead of being a burden, ought to yield an annual balance of f. 100,000. That was the kind of man William wanted for Java and, within a month of his return, he was appointed Governor-General, and the Report of Du Bus was sent to him for criticism.

He took quite a new line.[35] He agreed with Du Bus in concentrating on production and in his criticism of the system deriving from Raffles; it did not stimulate production, it disorganized society and it encouraged crime. He agreed with Du Bus also that the native was poor, ignorant and devoid of

enterprise. But he differed from Du Bus in holding that the Dutch were not much better; they also were poor, ignorant and devoid of enterprise. According to Du Bus "our commerce seeks produce, our shipping seeks freights, and our factories seek an outlet"; but where could one find this commerce and shipping and these factories? "Even large landowners near Batavia who know the land, the people and methods of cultivation will not grow sugar; who else could expect to make it pay?" The Dutch had very little capital and would not venture it so far afield. But the blame lay with the circumstances rather than the Dutch. Here also he differed from Du Bus. "All turns on the great question whether we can compete with other countries; if so, Java is a gold mine; if not, it is nothing." Du Bus thought that Java could hold its own; but the West Indies had better soil and cheaper slave labour, and were nearer to European markets. As regards Java there were three possible alternatives; the existing system of free peasant cultivation, colonization by Europeans, and the old system of compulsory cultivation. The reasonable man would combine the best of all three systems, and the old system, purified of its defects, was more just in principle, more profitable to the Javan, and more wholesome than any other both for motherland and colony. It rested on compulsion, but every ordered society rests in some measure on compulsion. Therefore, instead of taking land-rent in cash, take the revenue in labour and use it for production. This would yield produce which could be used to stimulate commerce and production in the Netherlands, and thus arouse people from their apathy.

He put forward, therefore, a project of planned economy on an imperial scale. He would encourage production by European planters, but at the same time, by requiring natives to pay their taxes in produce suitable for export, he would ensure supplies for the Dutch market. He estimated that he could thus raise production to some f. 15 or 20 million; and by selling this produce at home the Netherlands would regain their position as the world market for tropical produce, the secret of their former wealth. He proposed also to stimulate home industry by providing a closed market in the colonies. Both imports and exports would be carried in Dutch vessels and create a demand

for shipping, which would enable the Dutch to rival the English with their commercial fleet. Thus, in one vast plan, he contemplated the creation of plantations, manufactures, trade and shipping, with a general diffusion of prosperity both in Java and at home and, in place of the melancholy series of deficits, he anticipated a surplus which would free Java of its debts.

16. *The Regeringsreglement of 1830.*[36] Meanwhile the King had decided to make certain changes in the Constitutional Regulation which Du Bus had published in 1827, but the adoption of the ideas of Van den Bosch necessitated further changes. The drafting rested with Baud, now, under Elout, at the head of the Colonial Department. With his characteristic elasticity in adapting his opinions to those he served, Baud was converted to the views of Van den Bosch at the same time as the King; he came to believe less in the grant of land to Europeans and more in the system of contracts between Europeans and natives, and he shed his former prejudice against compulsion. But Baud's draft had to secure the approval of Elout, as staunch a Liberal as ever, and the wording of the new Regulation called for nice discretion.

In its administrative and most other arrangements it followed closely along the lines of that of 1827; the main difference lay in economic policy. Since 1818, although it had been the professed policy of Government to move in the direction of the individual assessment of land-revenue, in practice, even under Raffles, the land had been leased to village headmen; the Regulation of 1830 frankly recognized this system (Arts. 74, 75) and it also confirmed the compulsory cultivation of coffee in the Preanger (Art. 76) which, since 1818, had been regarded as provisional. The arrangements for granting concessions to capitalists (Arts. 107–112) were very much the same as those of Du Bus. A new feature appeared, however, in the provisions for contracts between capitalists and cultivators; the former Regulations had implied that these should be made individually with each cultivator, but the new Reglement (Art. 116) expressly provided for collective contracts "with village elders and leaders", which in effect was a reversion to the practice of leasing out villages, that had been universally condemned since 1795. But the chief innovation was in an inconspicuous clause

in an insignificant article. In previous Regulations the arrangements with regard to State property, the coffee plantations, teak forests and spice groves had been lumped together in a single section leaving them to be settled by executive rules; in the new Regulation, however, each item was dealt with in a separate section, and one of these, dealing with the teak forests (Art. 80), gave legal recognition to the existing practice of compulsory labour, with a suggestion that similar arrangements might be made for other forms of cultivation. Except for this inconspicuous clause there was nothing to alarm the most orthodox Liberal; and Baud, when obtaining Elout's approval for the Regulation, may justly have been proud of his dexterity. However, in connection with a proposed tax on opium it soon appeared that Van den Bosch contemplated a monopoly for the N.H.M.; this went beyond the limits of Liberal orthodoxy, and Elout, finding William wholly captured by the ideas of Van den Bosch, resigned. In 1830 Van den Bosch landed in Java and the years of uncertainty were at an end.

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NOTES

[1] Mansvelt, i. 39; see also Kemp, p. 13.
[2] Colenbrander, *Vestiging*, p. 145.
[3] Mansvelt, i. 425.
[4] Kemp, *Herstel*, p. 24.
[5] Colenbrander, *Willem I*, i. 314.
[6] Kemp, *Herstel*, p. 153.
[7] *Ib.* pp. 424, 119.
[8] S. van Deventer, *Land. Stelsel*, i. 279.
[9] 1818, ISB. 87.
[10] Day, p. 215; see also Coupland, p. 56.

[11] Van Vollenhoven, *Staatsrecht Overzee*, p. 244; and Kleintjes, i. 8 n.
[12] Official: 1819, ISB. 16.
[13] Official: 1820, ISB. 22.
[14] C. de Groot, p. 69.
[15] S. Parvé, *Monopoliestelsel* (1851), p. 43; Pierson, p. 51; C. de Groot, p. 76.
[16] S. Parvé, *Monopoliestelsel* (1851), pp. 39, 155; Mansvelt, i. 201; ii. 2; and *Enc. N.-I.* ii. 20; de Bree, *Gedenkboek*, p. 131; Colenbrander, *Geschiedenis*, iii. 12.
[17] Kielstra, *De Financiën*, p. 1; de Bree, *Gedenkboek*, i. 150.
[18] Kielstra, *De Financiën*, p. 1; S. Parvé, *Monopoliestelsel* (1851), p. 40; Day, p. 224.
[19] *Enc. N.-I.*, ii. 47; Colijn-Stibbe, ii. 183, Mansvelt.
[20] Kielstra, *De Financiën*, and Mansvelt.
[21] Instr. to Du Bus, C. de Groot, p. 72.
[22] Report of 2 April 1826, C. de Groot, p. 78.
[23] Report of 1 May 1827, S. Parvé, *Monopoliestelsel* (1851). App.
[24] Official: 1827, ISB. 89.
[25] Mansvelt; C. de Groot, p. 82 *seq.*; Pierson, p. 30; *Enc. N.-I.*, ii. 47.
[26] de Bruyn Kops, *Stat. v.d. Handel*, 1825–55.
[27] Colenbrander, *Geschiedenis*, iii. 31; Kielstra, *De Financiën*.
[28] Reports of Du Bus; Memo. of Van den Bosch, 1834; Van Vollenhoven, *Ontdekking*, pp. 19, 24, 34.
[29] Raffles, *Hist. Java*, i. 224, 228.
[30] Mijer, p. 182; *Hist. Java*, i. 282.
[31] *Enc. N.-I.* iii. 443; S. Parvé, *Monopoliestelsel* (1851) Appendix; 1834, ISB. 22.
[32] Boerma.
[33] C. de Groot, p. 112.
[34] Boerma, p. 8.
[35] Note of 6 Mar. 1829; see S. Parvé, *Monopoliestelsel* (1851), App. 294.
[36] Official: 1829 SB. 6; published in Java, 19 Jan. 1830.

CHAPTER V

THE CULTURE SYSTEM, 1830–1850

1. *The Theory of the Culture System.* When Van den Bosch landed in Java in January, 1830, he had little more than a general idea of what he intended. His two sets of instructions,[1] one secret for him alone and one for the High Government, had been discreetly drafted by Baud with one eye on Elout. For the most part they dwelt, naturally, on the importance of economy, as, for example, by the constitution of local councils to relieve Government of expenditure on local amenities; they also urged the importance of repressing disorder and of attaching the natives to Dutch rule not only, after the customary formula, by protecting them against arbitrary treatment and ill usage but, possibly, by the cautious encouragement of Christianity. They turned chiefly, however, on the increase of production; Van den Bosch was to aim at raising the production of export crops over the whole country to the level of the Preanger, where it was estimated to yield f. 5 per household. They appeared also to impress on him the importance of encouraging European enterprise, but, read between the lines, told him in effect not to encourage it too freely to the detriment of State cultivation; this direction was in fact "a subterfuge"[2] by which Baud dexterously circumvented the probable opposition of Elout.

Thus Van den Bosch had a free hand. His general idea was that under the Preanger system, by which the people paid a tax in coffee and were quit of all other tribute except their customary dues to the regents, they were more prosperous, contented and orderly than where they had to pay land-revenue in money; he knew that in other parts of Java cultivators were delivering produce to capitalists who paid their taxes for them, which, as Mansvelt remarks, was rather like a voluntary adoption of the Preanger system, and he hoped to introduce some arrangement along these lines by which they should deliver produce to Government in lieu of money taxes; that was the essential feature of what came to be known as the *Culture System*, that

people should pay their dues in kind instead of in cash. On this system he would have large quantities of produce which he could ship to the Netherlands for sale, to the great profit of the Government and of Dutch merchants; that was the essential feature of what came to be known as the *Consignment System*.

But he needed all his courage and determination to carry out this plan. It was twenty years since he had left Java, and he knew as little of the present as his officials knew of the past. They knew that the Company had gone bankrupt, and that for thirty years, the whole of their official life and longer, it had been a byword for oppression; he believed, on the evidence of Muntinghe himself, that the new system had failed to yield sufficient revenue, and that it had handed the peasant over to the middleman and money-lender. The men at the top were those who had found the existing system congenial, and the ablest of them, Merkus, formerly chief Judge and now a Member of Council, had been a close personal friend of Van der Capellen; they had objected to the plan of Du Bus, which seemed to imply compulsion, and this new plan of Van den Bosch seemed to imply both compulsion and monopoly. Merkus remonstrated with the voice of Muntinghe: "where the Ruler is at the same time a merchant, compulsion knows no bounds";[3] he objected that the new plan would not work, and, after it began to show a profit, still urged that this was an accident due to the rise of prices; that its dependence on prices made it an insecure basis for finance; and that it would kill private trade.[4] He submitted his resignation; but Van den Bosch remarked that he was too good to lose and that his criticism in Council would be valuable. In the course of a hurried tour over the island Van den Bosch brought his knowledge up to date, and made agreements with certain village headmen to supply sugar-cane and indigo in lieu of money taxes, arranged with some European contractors to take over the produce and work it up for export on behalf of Government, and encouraged officials to take an interest in the experiment by giving them a percentage on the produce.[5]* This

* Apparently the plan of giving a percentage of 10 per cent. was not adopted till April 1831 (*Land. Stel.* ii, 320); further orders regarding the percentages on coffee were published in ISB. 1833, No. 7; see Stein Parvé, p. 90.

was the Culture System as originally designed on a voluntary basis.

But it was not sufficient merely to stimulate production. "The English still played the first fiddle in commerce";[6] the more Java produced, the more English merchants would buy, and the more closely Java would become involved in the English economic system. In August 1830, therefore, Van den Bosch arranged that the N.H.M. should take 1 million pounds of indigo at f. 2 a pound and 100,000 pikol of sugar at f. 10 a pikol, for consignment in Dutch vessels, to be paid for by bills of exchange at eight months after date for the quantity delivered monthly. Thus the Culture System and the Consignment System originated at the same time as complemental features in one vast plan.

On reporting progress to the King and receiving his approval, Van den Bosch set about developing his system and introducing it over the whole island. But age was telling on him, and in 1832 he asked permission to retire. Baud was sent out to help, and ultimately to relieve him, and in January 1834, Van den Bosch made over charge to Baud; but as Colonial Minister he still presided over the fortunes of India, so that from 1834 the centre of gravity in Indian administration was transferred from Batavia to the Hague. Just before his departure he recorded an important Memorandum[7] explaining and justifying his system.

All the recent troubles were due, he said, to the misguided policy of free cultivation. Raffles had thought to make Java more profitable to England by remodelling all its institutions, which he could not, or would not, understand, on the pattern of Bengal, and "nobly replaced the dues paid by the people to their own Princes by much heavier taxes for the British Government". The cultivators were required to pay two-fifths of their produce in cash, and were therefore left with no incentive to extend cultivation; they cultivated no crops for export except coffee, and that only under compulsion, because, although the cultivation was supposed to be profitable, all the profits went to the middleman, with a small share for the headman and only the labour for the cultivator; in one district alone did the cultivator get as much as f. 6 a pikol, in most no more than f. 2 and in some nothing. The result was a new caste of middlemen

and money-lenders, a depleted treasury, empty markets and general poverty and crime. "And that is the result of abstract speculation applied to a society without regard for its economy!"

But on the Preanger system "based on native custom" the cultivator received f. 7 a pikol for his coffee, and merely had to pay one-tenth of his paddy to the Regent; the regents and other heads drew their commission; the people were prosperous and quiet, the regents were contented, and the revenue flourished.

On the new Culture System, however, combining as it were the Preanger system and land-revenue, he claimed that in lieu of taking two-fifths of the produce in cash, Government took only one-fifth in kind. A village which set apart one-fifth of its rice-land for the cultivation of export crops, requiring no more labour than rice, was excused from the payment of land-revenue. Any surplus above the prescribed land-revenue which might accrue from the sale of produce was credited to the village; crop failure due to any cause other than the fault of the cultivator was debited to Government. Produce, such as sugar, which had to be worked up for export, was made over to capitalists, and, as these would need labour, the villagers were distributed in four groups; one to grow the crop, one to reap it, one to transport the produce to the factory and one to labour in the factory; but the village was held to have discharged its liabilities, and was exempt from land-revenue, when the crop was ripe. Payment was made for all other labour. Seeing that the people preferred to work under their own heads, the work of European officers in connection with production was merely to ensure that cultivation was timely and suitable, and that the produce was duly reaped and made over to the factory.

Thus, he continued, on his new Culture System more than a hundred thousand hands were set to work for Government, and in such a manner that the Javan could earn more with the same labour as before, or earn as much with less labour. He therefore directed all officers to be zealous in promoting Government cultivation, but without demanding through excessive zeal more of the Javan than he would willingly perform; for the system, although resting on compulsion, did not involve oppression—

"the field is wide enough without overworking it". He claims that on this plan, in less than four years, he had achieved peace, extended Dutch rule, cleared off the deficit, brought more land under cultivation and increased trade.

It may be noticed that in this Memorandum of 1834 the system no longer rests on a purely voluntary basis. The change in the character of the system may be explained by the fundamental change in the conditions under which Van den Bosch was working after the secession of Belgium in 1830. One leading feature in his plan had been the encouragement of manufacture in the Netherlands, but this was confined to the southern provinces and, after the defection of Belgium, the Netherlands had no manufactures to export. But that was a small matter compared with a far more serious difficulty. Since 1815 all demands for special expenditure, such as the ambitious schemes of William too frequently required, had been met by the alienation of State domains, mostly lying in Belgium; after 1830 these were no longer available. Moreover, the hostilities with Belgium led to new expenditure: "the Army and Navy were insatiable".[8] Thus a state, already verging on bankruptcy, lost part of its income and was burdened with new expenses. In the first instance Van den Bosch had devised his plan as an expedient for restoring Java to solvency; now he saw in it a way to save his country. For the next ten years it was, in the often-quoted phrase of Baud, "the life-belt on which the Netherlands kept afloat"; by 1840, when the Belgian question was solved, Java had come to be regarded as a milch-cow.

2. *Economic Policy.* On the original plan cultivation for the State was voluntary, and free cultivation and free trade were to grow up alongside State cultivation and State trading through the N.H.M. But after, and presumably because of, the defection of Belgium, Van den Bosch introduced compulsory cultivation for the State and then attempted to secure for the State a monopoly of trade, and later, of production.

In 1831 he ordered that all over Java adequate quantities of indigo, sugar and coffee *must* be planted, and in February 1832 he required each Resident to deliver export produce to the value of f. 2 a head. (It will be remembered that his Instructions re-

quired him to aim at f. 5 per household.) At that time, of the export produce cultivated by the people on their ancestral lands, they were required to sell only sugar and indigo to Government, being left free to dispose of their coffee privately, except the share taken by Government as revenue in kind on the State coffee plantations; and Van den Bosch was even attempting to replace coffee with indigo, which was more profitable. But Merkus, despite his opposition to the system, suggested that it might be extended to coffee.

This led to a new development. A State monopoly of coffee had long been contemplated; Van der Capellen had aimed at it in his warehouse rules and other restrictions, and Du Bus, despite his policy of freedom for capital, had proposed to insist on the delivery of all coffee to Government. Van den Bosch adopted the suggestion of Merkus, and directed that from January 1833 all coffee, above the share due free of cost as revenue, must be sold to Government at a fixed price. This put an end to private trade in coffee, and went far to giving the State a monopoly of trade.

But, as originally contemplated, free cultivation still existed. Under Van den Bosch, as under his predecessors, European plantations fell under four heads: the *Particuliere Landerijen*, large concessions to the number of 345 with an area of some two million acres, mostly granted by Raffles; *Grants* from the Dutch Government, mostly for twenty years, few, it seems, in number and due mainly to Du Bus; *Enterprises* based on voluntary agreements with the natives; and *Concessions* in the native States, which came to number 122 with an area of about a hundred thousand acres. The *Particuliere Landerijen*, if cultivated, were mainly under rice; the other concerns were under export crops. On his first arrival Van den Bosch was quite willing to make grants to Europeans; he himself set an example by acquiring land which his son cultivated successfully with cinnamon, and he offered to William van Hogendorp, the secretary of Du Bus, a grant of land on which he could test his theories. But the offer was not accepted; as Van den Bosch had argued, the Dutch did not wish to colonize Java, and he found much difficulty even in obtaining contractors who would co-operate in his Culture System. But those who helped him were

soon rich men; and, when people saw that money might be made as land-owners in Java, there was a development of private enterprise.

To meet this new demand for land Baud directed in 1835 that grants should be made on very easy terms, usually one-tenth of the produce. But capitalists wanted land in populous areas so as to have a command of labour; that was an old difficulty which Muntinghe had foreseen in his Minute of 1817, and Baud followed Muntinghe in insisting that land should not be given out except in uninhabited tracts.[9] Thus there was little expansion of capitalist enterprise in this form, and the system of voluntary agreements with the people was preferred. But here also there was a difficulty. Under the existing rules these voluntary agreements could not extend beyond a single year, which made the investment of capital in such an enterprise very risky. In 1838 De Eerens, who had succeeded Baud as Governor-General, framed rules providing for five-year contracts. By this time, however, private enterprise was assuming considerable dimensions. In 1837 the export of private sugar was nearly 300,000 pikols against State exports of only 500,000 pikols. The exports of rice to Australia and, after 1835, to Europe rose from an average of about f. 1 million in 1825–30 to an average of f. 2·5 million between 1830 and 1840. Private cultivation raised the demand for labour, imposed greater burdens on the roads, and tended to prejudice the market for Government produce and imperil the Consignment System. Van den Bosch therefore annulled the rules of De Eerens, and in 1839 forbade the granting of land. It has been argued that "an important system of private cultivation existed separately alongside the Culture System",[10] and it is true that, when the Culture System came to an end, there were still some private coffee plantations in the native States and also four private sugar factories, while the value of the rice exports came to exceed f. 4 million; but all this was comparatively a small matter, and the Culture System grew until it overshadowed and blighted the whole economic organization of the country, and nothing remained but the Government as a planter on a superhuman scale with the N.H.M. as its sole agent. As Dr Colijn remarks, "Java became one large State business concern".[11]

3. *Administrative Policy*. Economic policy of necessity reacts on administrative policy. "The form of government must depend on the decision regarding trade", said the Reforms Committee in 1803; the object of establishing "an improved system of political economy" determined the administrative reforms of Raffles; it was as a corollary of the System of Taxation that Muntinghe advocated Direct Rule in 1817; and now Van den Bosch found it necessary to revise the whole system of administration. This is not always recognized, and Colenbrander remarks that Van den Bosch "changed the policy, but not the frame within which it worked".[12] Colenbrander is right in one sense, for the framework of administration looked much the same in 1850 as in 1830; but it was constructed on a different principle, and with steel instead of with bamboo. Raffles—it is the English tradition—believed in law and order, and aimed at building the State on law. The Commissioners, in this as in other matters, fumbled, but Van den Bosch—it is the Dutch tradition—believed in *rust en orde*, which sounds much the same as law and order, but is really very different and more like "peace and quiet". Van den Bosch rebuilt the Indian polity on authority; this was demanded by his economic policy. But compulsion, even in the form of "gentle pressure", is a negation of the idea of law.

But other good reasons for strengthening authority were furnished by the political troubles, the succession of disturbances and the growth of crime, to which the attention of Van den Bosch had been specially directed in his Instructions. He ascribed the disorder to the measures which had undermined the authority of the regents, to the inadequacy of the penal regulations, and to excessive respect for judicial formalities. The facts go far to justify his explanation. The prevalence of crime, even under the Company, in districts where there were no regents had been specially noticed in the Report of 1803, and Van den Bosch knew this from personal experience, for of his neighbours on his own estate five had been murdered during the eight years that it was in his hands and another not long before he purchased it. As already mentioned, a Report in 1826 drew attention to the gangs which infested Java, living on murder, robbery and arson; in 1827 Du Bus commented on the growth of crime, and

in 1830 Van den Bosch found a numerous class of "proletarians", vagrant thieves. He therefore replaced judicial forms by "measures better suited to native society", and set himself to tighten up the whole administration.

The preliminary steps had already been taken by William and Du Bus, and found expression in the Regulations from 1827 onwards in provisions which placed the Governor-General under close control by the Colonial Minister as servant of the Crown. Van den Bosch carried this a stage further. The Council of India had opposed Crown policy under Van der Capellen with reference to the N.H.M., and again under Van den Bosch with reference to the Culture System. Van den Bosch was therefore empowered as Commissioner-General to overrule his Council; and though he did not assume these powers, granted by a secret despatch in January 1832, until he went to suppress a disturbance in Sumatra in June 1833, he decided that his successor should not be subject to like difficulties. In a new Constitutional Regulation of 1836[13] the Council was therefore reduced to an advisory body. Apart from a few consequent amendments and certain minor changes, such as the addition of the Director of Cultures to the Board of Finance, this Regulation was in the main a copy of that of 1830. One very notable innovation, however, was a provision (Art. 80) which gave the force of law to a principle, directly opposed to that of Raffles, but consonant with Dutch traditions and recognized half-heartedly in 1818, that everywhere, so far as circumstances allowed, the native population should be left under the immediate government (*bestuur*) of their own headmen.

The principles underlying this new *Regeringsreglement* were carried further in a series of administrative measures and enactments providing for a more efficient organization of the judiciary and police. The Commissioners had laid down the judicial and police powers of each official, European and native, and their instructions to Residents gave them power to frame by-laws and impose administrative penalties. Under these instructions a set of police regulations was framed in 1829 for the town and suburbs of Surabaya, ordering the conduct of the natives in minute detail;[14] every one was to clean up round his house daily, and twice a day if along a public road; no one

might appear on the street at night dressed otherwise than was proper for his or her race and sex; slaves might not go about at night without a written permit; no native could go about after dark without a light, and no one might cross a bridge at a pace faster than a walk. Under Van den Bosch these rules, suitable enough for an urban area, were extended over most of the interior.

Alongside these administrative measures there were new enactments. After 1815 the Dutch law was codified, and this led to a revision of law and procedure in Netherlands India. But the revision proceeded under two contrary influences; on the one hand were Van den Bosch and his successor, Baud, with an executive bias, and on the other a committee of jurists tinged with Liberalism. This committee regarded the existing arrangements as "better suited for the Middle Ages... endurable, perhaps, in Turkey, but not under an enlightened European Government";[15] it aimed at replacing authority by law and at elaborate judicial formalities. Baud vehemently resisted their proposals: "the strength of Dutch rule", he said, doing violence as usual to his Liberal convictions, "and above all the possibility of obtaining abundant revenues from the island through the new Culture System, rest wholly on the extensive powers of the Resident, and it is essential that he shall retain power to impose administrative penalties."[16]

The upshot was that Europeans were placed under the law, and natives left to the executive, so that the dual element of the Dutch system was still further emphasized. In 1848 a new Procedure Code, Civil Code and Commercial Code were framed for Europeans, and a new Code of Police and Criminal Procedure (*Inlandsch Reglement*)[17] for natives. The *Inlandsch Reglement* gave legal sanction to powers which the Regents were probably already exercising in practice; it allowed the Regent precedence over the *Jaksa* (prosecuting Judge Advocate); and placed all native officers under the Regent instead of, as in 1819, directly under the Resident.*

* See p. 90 n. Under the *Inlandsch Reglement* a *verschijndag* is appointed weekly for the Village Heads (8), and fortnightly for the District Officers (52). In the chapter dealing with District Officers, the Regent is given powers which were reserved for the Resident in 1819. In the chapter dealing with Regents there are ten sections, as against three in 1819. Enhanced police powers are

But the matter of chief importance in this enactment is that for the first time we hear of *Vergaderingen* or, as they were then called, *Verschijndagen*. This institution, foreign to British India, is so much a matter of course to Dutch officials that the problem of its origin seems to have been overlooked even by the busy swarm of thesis-writers. A *Vergadering* is a conference of local officers for the discussion of administrative topics of current interest. At the present time the head of each Sub-district, about fifteen village tracts, holds once a week a conference with his village headmen; each District officer once a month holds a similar conference attended by his subordinates and village headmen; similarly each Regent holds a conference once a month with his subordinates, and so likewise does the Resident with all the leading European and native officials of his charge. Subordinate departmental officers of the various services dealing with education, irrigation, popular credit, agriculture, etc., may be invited to attend when matters relating to their work are on the programme for discussion. When we first hear of *Verschijndagen* there were no such departmental officers, but, then as now, the conferences held by the Regents and their subordinates were attended by the Controleur.

Under the rule of Van den Bosch the Controleur, or *Opziener* as he was still termed, assumed a new importance. In 1818 he had been charged mainly with land records work, but had also been expected to superintend such State cultivation as remained. With the Culture System the superintendence of State cultivation came to be of primary importance, and the Controleur, as mainstay of the Culture System, was the mainstay of the administration. The Controleur and the system of *Vergaderingen*, taken together, formed a powerful instrument of government, which was the invention, apparently, of Van den Bosch.

This machinery kept the Dutch Government in touch with the regents, district and village heads and people, and thus did much to strengthen its authority. Other measures of Van den

given to the District Officer (50), and those of the Regent more fully defined (65–68 and 70). The *Jaksa* no longer appears as higher in rank than the Regent, but is expressly made subordinate to him (57). The magisterial powers of the District Court are extended (80) and criminal jurisdiction is given to the Regency Court (83).

Bosch were directed to strengthen the authority of the regents and headmen. He was distressed to find that the regents were "treated like Government servants, and even transferred from place to place to the prejudice of their authority". Within a few months of his arrival he "took a bold step, which astounded all the most experienced officials",[18] in recognizing the hereditary claims of the regents in the provinces newly taken over from the native States on the conclusion of the Java War, and subsequently he extended this right to all regents. He made a further concession to the regents in allowing them to hold land. Land and people still went together, and the allotment of land implied the concession of rights over the cultivators. For this reason the Commissioners of 1818 had directed, on Liberal principles, that the regents should be paid by a fixed salary. Du Bus proposed to allot them land, partly for economy and partly to encourage large-scale cultivation among natives. Merkus approved the proposal on the common-sense ground that the regents were in fact still in disguised possession of their lands; but it was Van den Bosch who introduced the measure and regarded it chiefly as a way of restoring their influence and prestige.[19] Similarly he would sanction no interference with the internal economy of the village, and proposals to this effect in 1838 were summarily rejected by Baud, then working under Van den Bosch at the Colonial Office: "the village government", he said, "is the palladium of peace (*rust*) in Java."[20] Thus the principle of "like ruling like", the practice of holding *vergaderingen*, and the position of the Controleur, even so far as they were not new under Van den Bosch, were newly fashioned by him for the purpose of strengthening authority.

By 1848 the machinery of the constitution had taken its modern shape in all its main features.[21] The Charter of 1803 provided for the transformation of merchants into officials; Daendels carried this out by substituting a Board of Finance for the Director-General of Trade and by devising a territorial organization; Raffles contributed the internal organization of the Regency and the village system; the Commissioners laid the foundations of a dual system of administration; but it was the genius and personality of Van den Bosch which cemented the whole together into a powerful instrument of government,

keenly sensitive to native movements, and closely responsive to the will of the home authorities. Compared with this achievement the Culture System was merely a passing episode.

4. *Economic Progress:* (*a*) *Production.* The change brought about by Van den Bosch was sudden and profound, almost miraculous: "Java poured forth riches upon riches on the homeland as if by a magician's wand."[22] He had expected in the first instance to raise production to f. 15 or 20 million; in 1830 the exports of merchandise were only f. 12·9 million, by 1835 they were f. 32·6 million and in 1840, when Van den Bosch resigned the office of Colonial Minister, they had reached f. 74·2 million. He aimed at 400,000 pikols of coffee, 400,000 pikols of sugar and 2 million lbs. of indigo; by 1840 Java was producing a million pikols of coffee, a million pikols of sugar and over 2 million lbs. of indigo. He was less fortunate with the State cultivation of tobacco and tea, but including private cultivation the value of tobacco exported rose from f. 180,000 in 1830 to f. 1·2 million in 1840 and to f. 2·3 million in 1845; the production of tea reached lbs. 1·95 million in 1861.* At the same time there was, as already mentioned, a large increase in the export of rice.

(*b*) *Science and Capital.* This increase in production was mainly due to the growth of population and to the organization of labour for State cultivation. There was no import of capital, because all the little capital required was supplied by Government out of the profits of the system. And, for some time at least, there was little improvement in methods of production. None of the officials and few of the contractors in charge of factories knew anything about cultivation or manufacture. Coffee, with a natural habitat on the hill-sides, was sown on the plains. The failure of the crop showed the officials their error, but the cultivators remembered it longer, because they had to clear away the roots before they could grow rice again. In one district 2000 cultivators worked for five years to produce three pikol of coffee worth about f. 36. Van den Bosch tried to prevent such mistakes by appointing a Director of Cultures, who in 1833 took the place of the unpaid Agricultural Committee

* The figures for volume of production are based on C. de Groot, p. 153; they are supported by the export statistics in de Bruyn Kops.

created by Du Bus. He also sent an officer to study the cultivation of tea in China and attempted a statistical survey. Irrigation was encouraged, but no attempt was made to introduce scientific methods and the native canals were improved with forced labour. Van den Bosch likewise attempted to give European officers a better equipment for their functions by constituting in 1832 a Java Institute, where the younger men could study oriental life and languages. Manufacturers were encouraged to adopt improved methods of working and in 1840 the N.H.M. set an example by opening a model sugar factory with satisfactory results, so that the output of sugar rose from less than 15 pikols per bouw in 1830 to about 50 pikols per bouw in 1850.

(*c*) *Communications and Shipping*. The growth of production and exports called for better communications. Each village in its own interests had always kept in touch with neighbouring villages, but now these tracks and pathways had to be used for conveying produce from the fields to the factories and from the interior to the coast; the only road opening up the interior was the great trunk road of Daendels. Van den Bosch required the village headmen to make roads. "This", he said, "would preserve native institutions and, without interfering in the little republics, would ensure an equitable division of the labour."[23] For long, however, the results were unsatisfactory. In 1839 the roads were still so bad that ships in the ports were lying idle while the warehouses up country were overstocked with produce, and the N.H.M. warned Government that, unless something were done, the output of Java would be limited by its communications rather than by its fertility. There was a suggestion that camels might be useful, and in 1842 Baud ordered the construction of a "railway"—"an iron road suitable for iron waggons drawn by buffaloes or horses".[24] But the administrative machinery of Van den Bosch gave the State an almost unlimited command over free labour, and this was employed so lavishly in some parts, if not everywhere, that in 1847 Van Hoëvell talks of the fine roads intersecting the countryside in the Preangers, with bridges spanning the numerous streams, and of the imposing public buildings; and a few years later Money was impressed by the superiority of the communications to those of British India.

There was less progress in communication by sea.[25] With a secure market Dutch shippers could take life easily and did not attempt to replace sail by steam. About 1820 an English firm in Batavia offered to provide Government with steamers for rooting out piracy, but the local Dutch admiral objected that such boats would be of no use for chasing pirates in rough seas as the rolling would bring the paddles out of water, and in 1825, when a steamer was built locally with machinery sent out from Europe, he took Van der Capellen for a short cruise, presumably to show him what would happen to the paddles when the boat rolled. After that Government built up a small fleet of steamers, some brought out from Europe under their own power and others being assembled in Java; but it was not until 1836 that an attempt was made, unsuccessfully, to open up regular communications with Europe by steam. In the same year the first steam warship arrived and in 1847 the first screw-steamer. But these novelties were disregarded by Dutch shippers, who did not even trouble to build fast sailing vessels as, in the absence of competition, slow and roomy boats were more profitable.

(*d*) *Commerce and the N.H.M.* The following tables show the growth in value of Exports and Imports.[26]

Exports of Private Merchandise, 1830–50

Year	Total value of exports (f. 000)	Value of exports to Netherlands (f. 000)	Details for					
			Coffee		Sugar		Indigo	
			Pikols (000)	Value (f. 000)	Pikols (000)	Value (f. 000)	Pounds (000)	Value (f. 000)
1830	12,753	6,586	288	4,577	108	1,558	?	48
1831	14,115	6,813	299	4,832	120	1,660	42	98
1832	21,081	13,021	314	8,500	245	2,836	168	338
1833	22,595	13,953	360	9,956	210	2,468	217	414
1834	29,220	19,129	486	13,099	372	4,293	251	515
1835	32,158	22,331	466	14,093	438	5,794	533	1,044
1840	73,972	56,892	1,132	37,368	1,023	13,782	2,123	6,371
1845	64,455	48,024	1,006	20,123	1,454	20,349	1,653	4,961
1850	57,320	44,803	818	18,720	1,383	17,044	1,256	4,193

NOTE. Private merchandise includes Government produce exported by N.H.M.

Imports of Private Merchandise, 1830–50 (f. 000)

Year	General				Cotton goods			
	Total value	From Netherlands	Of Netherlands origin	From England	Total value	From Netherlands	Of Netherlands origin	From England
1830	15,038	6,305	3,628	1,724	3,884	2,550	2,373	1,217
1831	13,368	4,566	1,938	2,000	2,936	1,657	1,389	1,206
1832	12,190	3,608	431	976	1,963	1,412	67	453
1833	16,959	5,001	694	3,655	3,984	1,321	90	2,581
1834	17,642	4,295	1,004	4,408	4,450	877	330	3,431
1835	15,554	4,059	2,020	3,255	4,134	1,744	1,549	2,240
1840	26,434	13,239	10,550	3,805	13,100	9,917	8,832	2,890
1845	26,518	9,578	7,233	5,851	10,934	6,123	5,320	4,410
1850	24,037	7,956	5,274	5,692	9,837	4,773	3,743	4,147

These figures show that after 1840, when Van den Bosch retired, there was stagnation and even a decline of trade; it was as if the wand of the magician lost its power in other hands. We shall see, however, that there is a more common-sense explanation; here it must suffice to note that, even at the height of the Culture System, there was no healthy development of Dutch commerce—all was in the hands of the N.H.M. The contracts made by Van den Bosch in 1830 opened a new chapter in the history of the company. In 1831 it was reorganized and its headquarters shifted to Amsterdam, and in appearance it became an ordinary company with ample but not excessive capital. But gradually it gave up its own business and was transformed into the commercial agent of the Indian Government. From 1833 it began to advance money to Government to be recouped out of the sale of produce, and also to import goods and bullion for Government at its own charge, to be paid for from the proceeds in Java. Thus almost all payments on behalf of Government were made by an overdraft on the N.H.M., and this overdraft was never paid off but steadily grew larger. With the expansion of private enterprise after 1835 the N.H.M. extended its relations with the planters so as to secure a market for its import of cottons, and by 1840 two-thirds of the total exports from Java passed through the N.H.M. Its imports into Java

comprised goods for Government, chiefly specie and provisions and clothing for the troops; such cargo space as remained was filled with its own wares, mainly cotton goods, of which its imports rose from 1090 cases in 1834–35 to 12,090 cases in 1839–40. The imports of provisions and beverages for the European population were in private hands, and so also were the imports of iron, copper and machinery, which were a monopoly of foreigners. Thus there were no Dutch merchants independent of the N.H.M., which came to overshadow commercial life and suppress commercial activity much as the East India Company had done in the preceding century.

Except for cotton goods, which were mostly for the Natives, the imports were very much, as described by Van den Bosch in his Treatise of 1818, luxuries and comforts for the European and Chinese population. In 1855 the value of imported European "wines and drinks" was f. 1532 thousand; of European provisions, f. 861 thousand; of Chinese provisions, f. 413 thousand; of cigars from Manila, f. 431 thousand; of tea, for Europeans and Chinese, f. 414 thousand; of "galanteries, modes and perfumes", f. 264 thousand; of silks, f. 821 thousand. As against these luxuries and comforts the import of goods for increasing production was negligible; iron and steel, with machinery and tools, accounted for no more than f. 982 thousand, little more than half of what was spent on European wines and drinks, and the value of fertilizers imported to restore the soil from which so much was demanded was no more than f. 136 thousand. These figures clearly reflect the disbursements of a small wealthy class spending money lavishly on show and comfort.

(*e*) *Currency*.[27] One reason for the blight on commercial life was the unsound monetary system. Little money came into Java in the ordinary course of commerce, for Government took over all the produce and merely paid for the cost of labour at a low wage in copper. Copper was imported from Japan to the value of f. 500,000 a year and, between 1833 and 1842, f. 27 million of copper coinage was issued by Government. As copper was standardized at f. 1·20 to f. 1 of silver, the coinage was a profitable business and is estimated to have brought in f. 15 million to the Treasury. But the business was so profitable that it encouraged smuggling, and it is said that in 1844 a single firm in Birmingham

sent out copper doits to the value of f. 160,000 a month, and, when at length the currency was purged, the amount of copper in circulation was found to exceed by f. $7\frac{3}{4}$ million the total quantity which Government had coined.

One result was that silver disappeared from circulation, and the debasement of the currency put the Java Bank in great difficulty. Under the threat of cancellation of its Charter the Bank was compelled to issue paper to the value of f. 3 million on copper deposited by Government; the Bank lost all its silver and before long Government demanded the return of its copper. In July 1839 the cash balance of the Bank fell to f. 18,678 and in 1845 it was relieved of the obligation to redeem its notes. One sturdy depositor filed a suit to declare the Indian Government and the King of Holland bankrupt, and had so good a case that it was found necessary to terminate the proceedings by deporting him. It was not until the Culture System was drawing to an end that effective remedies were introduced, and finally the restoration of the coinage cost f. 20 million, considerably more than Government had made by its coinage of copper doits.

(*f*) *Revenue and Expenditure*. The essence of the Culture System was that dues to the State took the form of produce and labour, and this precludes any just comparison of the revenue accounts with those of a normal State. Moreover, the confusion of trading profits and taxes, and of commercial and administrative expenditure, was too complex to unravel, and a further complication was introduced by the concentration of financial control in the hands of William, which caused such delay that the quinquennial estimates for 1826 to 1830 were not sanctioned until 1829 and those for the following quinquennium not until 1834. In 1839 Van den Bosch explained in Parliament that no statement of the financial position could be given because there had been no final reckoning since that with the English in 1816. But events at home led to the publication of accounts for 1840, when the expenditure was given as just over f. 40 million; it was the same ten years later when the Revenue, apart from the profit on State cultivation, was returned as f. 44 million against f. 18·5 million in 1831.*

* S. Parvé gives figures purporting to represent the annual "territorial and political income", but these seem to be his own estimates. *Kol. MS.* p. 71.

Thus, in addition to trading profits, there was a very notable increase of revenue proper. The main items, other than customs duties, were land-rent, the farming of bazaar tolls and similar petty monopolies, and salt; the growth under these heads is shown in the marginal table.[28] Writers of the Liberal school liked to explain the rise as due to extortion by an oppressive and unfeeling Government; probably it was due in part to the debasement of the currency, but the growth of salt revenue suggests an increase in the consumption of salt, which is a sign of greater prosperity, and the yield from bazaar farms indicates more petty trade and therefore greater welfare. But the increase of land-rent is more difficult to explain. An extract from the Memorandum written by Van den Bosch before his departure in 1834 was published as a circular, and this lays down, with the emphasis of italics, that *villages which set apart one-fifth of their rice fields for the cultivation of export crops should be excused from land-rent, and further, should enjoy any additional profit accruing on valuation of the produce.* This would preclude any growth of land-rent, and Liberal critics denounced the increase as a breach of faith; even modern economists criticize the circular as "almost ridiculously insincere".[29] A recent explanation is that land-rent was remitted only on the area surrendered for the cultivation of export crops, leaving the remaining four-fifths liable to land-rent, which would therefore grow with the spread of cultivation; but this cannot be reconciled with the terms of the public circular. A different explanation was put forward at the time. Van den Bosch remarked in 1834 that in some parts the Javan preferred to cultivate sugar for his own profit, although on this arrangement he was still liable to land-rent; and apparently it became the rule, if not the practice, to pay the cultivators for their labour, instead of remitting land-rent, which was collected as usual. Although it is generally alleged that, in fact, the cultivators were paid little or nothing for their labour, either in the fields or in the factories, this

Head of revenue	Revenue in		Revenue in 1850 (f. mil.)
	Year	Yield (f. mil.)	
Land-rent	1830	4·1	10·7
Farms	1833	6·1	10·4
Salt	1831	2·1	4·6
Total	1831	18·5	44·0

explanation, however inconsistent with actual practice, does at least serve to justify the officials of the time in citing the increase of land-rent to show the success of the Culture System, as when the Director of Cultures in 1845 expected that the proceeds of land-rent would soon rise from f. 10 to f. 15 million "because the Culture System brings millions more than before into the hands of the people".[30]

(*g*) *The Batig Slot.* But the item of chief interest in the revenue accounts was the closing balance, the *batig slot*, the surplus which formed a "contribution" to home revenues. In 1831 Van den Bosch balanced his budget; the long series of deficits was at an end, and he could set himself to pay off the debts of the old East India Company, and the further loans to the amount of f. 37·5 million incurred by Van der Capellen and during the Java War. He had expected first to remit f. 5–6 million, and after four or five years bring the amount to f. 8–10 million. In the event he did much better; between 1831 and 1834 he remitted f. 16 million, and the quinquennial estimate for 1834 put the remittances at f. 10 million in the first year, rising to f. 25 by 1838. When later De Eerens complained that this was excessive, Baud replied that in Europe "the bow was constantly drawn tight" and that De Eerens "was obviously in no position to judge what can and must be done to save the Netherlands".[31] In fact the actual remittance averaged f. 9·3 million from 1831–40, f. 14·1 million from 1841–50 and reached f. 15 million in 1851.

This large surplus was possible only by strict economy in expenditure, condemned as cheese-paring and foolish by later economists, who have often remarked that the first public budget, for 1840, allotted over f. 30 million for charges on commerce and cultivation, nearly f. 7 million for military charges, and f. 3·5 million for internal administration and police, but only some half million for judicial administration, and less than that for religion, arts and science grouped together. This criticism does not, however, seem to make sufficient allowance for the fact that all the activities of Government in every department of public life centred in the members of the Civil Service; they were at once magistrates, judges, supervisors of public health and agriculture, and even, in some measure, schoolmasters.

Moreover, the lack of expenditure on public works does not show that they were neglected, and we have the evidence of Van Hoëvell and Money that this was by no means the case; the roads and buildings compared favourably with those of British India. In a normal state they would have been paid for in money, and the money raised by taxation; but, as they were carried out with compulsory labour, they do not appear on either side of the account.

But financially the system was radically unsound. Compulsory labour is not the most economic way of cultivating the soil and building roads, and, as Merkus had foreseen, the fact that revenue depended on the fluctuations of the market made provident estimates impossible.

5. *Social Economy:* (*a*) *Native.* The Culture System was succeeded by a Liberal reaction, and the writers of this school depicted it in the darkest colours; since then it has never been critically re-examined, so that an attempt to gauge its effect on social economy is rather like trying to ascertain the truth about a heresy which survives only in the writings of the orthodox. But gradually the student comes to realize that there was much in it to justify those who asserted that "it brought millions more than before into the hands of the people". Even Van Hoëvell, the first to criticize the defects of the system in its final stage, and one of the greatest friends of the Javan, never objected to the system on principle, and shows that, at least in certain restricted areas, it was beneficial.[32] One difficulty of the system, as in any system where supply is regulated otherwise than by demand, was to adjust the balance of production. It was necessary to maintain due proportions between the area cultivated with rice for food and the area cultivated for the production of export crops; this was especially difficult where rice and sugar, with periods of cultivation which nearly overlap, were cultivated on the same land. In parts of East Java officials paid as much attention to the rice as to sugar; insisted that each village should maintain a store of seed paddy, and looked to the burning of the stubble and the timely flooding of the fields. Thus the people had as much rice as before, and the sugar brought them a welcome addition to their income. The transport of sugar-cane brought into existence a new class of people who

lived by carting and not by cultivation; these had to buy fodder, which created a market for the soya beans and maize, grown as a second crop on rice-land, and brought in still more money to the cultivator. Here the Culture System led to a division of labour and, as Van den Bosch had anticipated, diffused prosperity over the whole country-side. Supervision and regulation were still required, said Van Hoëvell, as they always must be when petty cultivators combine over a large area, but penal compulsion was no longer needed, and he thought that the people would resent the abolition of the system as strongly as they had objected when it was first introduced. This favourable picture is corroborated by Van de Putte, the other great leader of the opposition to the Culture System. When the early contracts were found profitable to the contractors, the payment for planting a "great bouw" of the best land was raised from f. 120 to f. 200, and the contractors were required to pay for their own transport and to give out advances for the purchase of carts and cattle, so that the results of the system exceeded even the boldest anticipations, and its strongest opponents such as Merkus were converted.[33]

Statistics support this view. The population increased under the Culture System from about 6 million to about 9½ million, and so did the export and, presumably, the cultivation of rice. The obvious explanation of the rise of revenue from salt and bazaar dues is an increase in welfare, and, even if this be questioned, there still remains the very remarkable increase in the import of cotton goods from f. 3·8 million in 1830 to 13·1 million in 1840, although in 1848 two-thirds of the clothing was still woven at home from native cotton.[34] In view of these figures it seems hardly possible to doubt that, at least until 1840, when Van den Bosch resigned his arduous labours, the Culture System did in fact diffuse prosperity.

But the description of the Culture System given above applies only in a restricted area, where, almost from the earliest days, it had given satisfactory results. Ordinarily the officials attended only to the cultivation of export crops and neglected rice cultivation. Officers who thought more of their commission on export crops, or of their good repute with Government, than of the welfare of the cultivator, allowed or contrived that an undue

proportion of the land should be allotted to export crops. Although under the rules only one-fifth of the land in each village should have been taken for export crops, they often commandeered a third, sometimes a half and, in certain cases, for convenience of irrigation, the whole of the village land. In one instance a factory was allowed to take up half the land in fourteen villages. Also they did not trouble to see that the ground was cleared of sugar in time for rice cultivation, so that people had to grow a shorter-lived and less productive variety. Payment for sugar was often made according to the amount which the factory produced and not according to the cane supplied, and many cultivators received little or no payment for their labour. On land taken up for sugar or indigo the little bunds needed for cultivating rice were cleared away, causing much labour and delay when the land was returned to the cultivator.

"The field is wide enough," Van den Bosch had said, "there is no need to overwork it." But the field had boundaries, the limits were reached and the system was worked too hard. "The urgent pressure on home finances, which Java seemed to meet so easily, the prosperity of manufacturers, the high commission drawn by the officials, and the profits of contractors blinded the eyes of all in India. Contracts were given out too freely, crops demanded without regard to the nature of the soil, and the people were subjected to grievous burdens; intoxicated, as it were, with unknown prosperity, everyone overlooked the shadows in the picture."[35]

The first sign that something was seriously wrong was distress in Cheribon in 1843. In 1830 this Residency grew little but rice, but under the Culture System it came to yield rich crops of coffee, sugar, indigo, tea and cinnamon. In 1843 Government decided to include rice among the export crops, and a firm obtained a contract for collecting in kind the tax on rice-land and milling it for export. Famine ensued, and thousands of families were forced to emigrate, leaving the weak to die of starvation on the roadside. The original instructions to Van den Bosch had required that due attention should be paid to rice cultivation (Art. 30), and instructions to the same effect were issued, but without effect, in 1837 and 1844. In 1847 the Governor-General, Rochussen, repeated the orders[36] with great

emphasis, pointing out that the scarcity of rice reacted on the rate of wages and threatened to deprive Java "of the inestimable advantage of cheap labour", which had enabled it to rival any tropical country in respect of the profit that it yielded to the State and to private individuals. But his warning came too late, and a succession of famines between 1843 and 1848 caused such distress that in one regency the population fell from 336,000 to 120,000 and in another from 89,500 to 9000. The exports of rice fell from an average of f. 4·29 million in 1841–45 to an average of f. 3·17 million in 1846–50, and the imports rose from f. 233,000 to f. 612,000. The people had no money to buy cotton goods and, as shown above, the imports under this head fell from f. 13·1 to f. 9·8 million. As the imports under other heads showed a slight rise during the same period, it would seem that Europeans did not feel the pinch; but the exports fell largely, and between 1845 and 1850 the volume of exports under all the main heads, coffee, sugar and indigo, declined. It is clear that by 1840 the limits of production under the Culture System had been reached. Van den Bosch seems to have understood this, for in 1841 he suggested that it was time to transfer the supervision of production from officials to planters; but nothing came of this suggestion and, after 1840, his system was carried on along the old lines by lesser men, and, although there can be little doubt as to the increase of welfare up to 1840, there is as little doubt that after that date the people rapidly grew poorer.

But it is doubtful whether the people were worse off in 1850 than in 1830, or worse off than they would have been under the capitalist system of Du Bus, with profits going to the planters, or even than under Muntinghe's policy of a free peasantry, with profits going to the money-lenders. One reads of work in the sugar plantations three times as arduous as the work in rice fields; of the arbitrary increase in the stipulated number of coffee trees per household from 250 to 1000; of the cultivators huddled together in concentration camps to plant coffee, and being dragged away from home for months at a time to work in the indigo fields on a wage inadequate even for subsistence; of the grievous burden of transporting produce, working in the factories, constructing water-ways and building roads and bridges without payment. Unquestionably conditions were

bad. But it is difficult to feel that these accounts are not exaggerated; an impoverished people does not spend money more freely in the bazaars, or buy more salt and clothing. In any description of the system there is sure to be a reference to the proverb, "One is born, wed and buried in the indigo plantations."[37] But when it appears that this "proverb" was quoted so early as 1834 by Merkus,[38] a keen opponent of the system, one wonders whether it may not have originated from his picturesque pen. Again, one reads of the low prices paid for coffee, without any reference to the fact that part of the coffee was delivered in lieu of a money-tax. Conditions were bad, especially in the 'forties, as is sufficiently proved by the succession of famines in a fertile land. But even in the Netherlands the standard of living at that time was so low that the potato famine of 1845–46 nearly caused a revolution, and in England the "hungry 'forties" marked the hey-day of individualist enterprise. One may doubt then whether the people would have fared better under private employers, or whether European capitalists would have had more consideration for the Javanese on their plantations than they had for the hands in their factories in Europe; and, after State cultivation had been replaced by private enterprise in 1870, the material welfare of the people seems to have been no greater than in 1840. Crime, which had been growing up to 1830, became so insignificant that there was not sufficient work to occupy the courts. And, according to Money in 1860, French, German and English merchants were all agreed as to the material prosperity and contentment of the people. At least in 1840, if not later, Van den Bosch could make out a strong case that, in respect of material welfare, his system was an improvement on that of Raffles and Muntinghe.

But Van den Bosch claimed also, like Raffles, that his system was based on "custom". His conception of Javanese institutions, however, was very different from that of Raffles, partly, perhaps, because he looked at them from the standpoint of Dutch interests and not of English interests; Raffles wanted the people to buy goods from the English and Van den Bosch wanted them to work for the Dutch. Although, says Van Vollenhoven, his notions of Javanese custom were "sometimes farcical", he did recognize the importance of the regent in the

social order;[39] but that was because no one else could be so useful in making the people work. His policy was to strengthen the regents and leave the villages, "the little republics", under their own heads with as little interference as possible. This became a guiding principle of Dutch rule, and in 1838 the Council of India remarked that "the peace (*rust*) which had been so notable of recent years, and the increasing welfare and prosperity must be largely ascribed to the village government". When the Resident of Cheribon wished to reduce the unwieldy governing bodies in his villages, Baud issued strict orders against "all unnecessary interference with the social institutions and customs of the people, among which the institution of the village government takes the first place. It has long been recognized that this represents the chief protection of the people against excessive demands and oppression by Government, and although such precautions may no longer be necessary, it is no less true that they greatly value their village autonomy and any encroachment on it might be most disastrous".[40] "The village government", he added, "is in my opinion the palladium of peace (*rust*) in Java."

But although Van den Bosch dressed up native society in native clothes, it was a fancy dress, a masquerade of native institutions. The headmen were in the same position as before, but instead of standing on their own feet, they were hanging on to the Dutch Government; it was not from the consent of the people but from the authority of Government that they derived their power, and they used it for Government, and for their own advantage. With Government behind them they could do what they liked, and they burdened the people to an extent previously unknown with compulsory cultivation, forced labour on public works (*heerendiensten*) and demands for personal services (*pantjendiensten*). Again, his theory that community of land was congenial to the Javan did away with the "fiscal freebootery"[41] by which land had been sold for revenue, because it left the cultivator with no land that could be seized; and it furnished him with "the lever by which the productivity of Java was enhanced".[42] So great were the demands on land-holders that land-holding was no longer a privilege but a burden which occupants tried to share with others; also officials en-

couraged or enforced communal occupation, so as to facilitate the allocation of large areas for sugar plantations and to have greater freedom in controlling irrigation. Again, in many parts of Java, the liability of service on public works was confined by custom to land-holders; and, as the officials wished to increase the number of hands available for public works, and the people themselves wished to distribute and reduce the burden of service on such works, it was to the interest of both officials and land-holders that the occupation of land should be widely shared. This encouraged communal possession and obliterated hereditary social distinctions. Although there is nothing in Java which resembles the rigidity of caste in British India, a tendency in this direction finds expression in the existence of distinct classes (*standen*) based on land-holding. In mid-Java one usually finds four classes: those who hold rice-land; those who hold dry land and house sites; those with houses but no house sites; and those "who live huddled in a corner" or "lodge upon the ground". Thus the wide extension of land-holding with a view to increasing the number liable to compulsory service cut at the root of the customary social order. The minute holdings were, of course, prejudicial to good cultivation, especially because the little plots were redistributed annually or at short intervals. But a still more serious reaction of the system from an economic standpoint was that it cut the people off from economic life; they "gained no trading experience...and were deprived of the stimulus to increased production which comes from a knowledge of the market".[43] Not only was their social life perverted, but their economic sense destroyed. Van den Bosch treated them like children, but like children that were mentally defective and would never grow up.

(*b*) *European and Chinese.* The Culture System did not merely tend to disorganize native society, it also emphasized the plural character of the social order by encouraging the growth in wealth and importance of the Europeans and Chinese.

To Europeans Van den Bosch for the first time under Dutch rule revealed Java as a profitable field of enterprise. When laying the foundations of his system he was at his wits' end for contractors; the Dutch "could not be beaten out of their homes

with sticks"[44] and he had to fall back on English, French, Chinese and even Bengalis.[45] The arrangements with contractors varied but in general were along the following lines. The contractor received from Government a building advance for the erection of his factory, and to cover his private expenses and the cost of working until it began to show a profit. His machinery was imported free of duty, and he was supplied with timber and other material free of cost or at nominal rates. The advance was repayable in ten equal annual instalments beginning with the third year. His sugar was grown by cultivators of the neighbouring villages, which were required to set aside about a square mile (400 bouw) for the cultivation of sugar under the supervision of the local headman. He paid for cultivation according to the quality of the land, sometimes as much as f. 120 copper (raised later to f. 200) for a "great bouw" of the best land; he was expected to meet the charges for reaping and transport of the cane to his factory and for milling, but he obtained coolies at 12 doits a day, carts and cattle at 30 doits, and firewood at f. 3 copper a fathom. Although in theory, as prescribed in a model contract of 1836, all labour apart from cultivation was voluntary, in practice it was all obtained under compulsion, even for the building and extension of factories for which Government had advanced money on the understanding that the contractor would pay wages. Cultivators were often paid according to the output of sugar from the factory, which put a premium on careless milling. Payments for labour were often made by Government, and charged to the contractor as an advance, free of interest, to be deducted out of the price paid for his sugar. In return for these privileges he need do no more than supply Government with sugar at f. 10 a pikol (a price below the market rate but still remunerative) in quantities sufficient to pay off the advance; the balance was "free sugar" which he could sell at the market rate. He was guaranteed against loss by a provision that he could surrender the contract at any time after the third year, but, as it soon proved that a contractor would make a clear profit of £2000 to £5000 a year, there were not many surrenders. Contractors were also employed for tobacco and tea, but Government arranged for the pressing of indigo and cochineal

and cinnamon; pepper and coffee were exported as delivered, so that contractors were unnecessary.

Even these liberal terms failed to draw contractors, and one of the earliest examples of "gentle pressure" (*zachte dwang*) was that employed to compel people to become millionaires. A leading Chinaman was warned that he could not expect to succeed his father as Chinese Captain unless he accepted a contract; after vainly offering f. 5000 for a substitute he had to comply, and within a few years was among the wealthiest men in Java. So reluctant were people to accept contracts that Van den Bosch had to establish State factories, and even for these it was sometimes necessary to appoint an English manager. Within a few years, however, Van den Bosch succeeded in converting his countrymen to a belief in Java, and Dutchmen of good standing not only sought for contracts but embarked on free cultivation to an extent which embarrassed Government. But the subsequent repression of free cultivation hindered this development, and it is said that "in 1856 out of 20,000 Europeans only 600 were private individuals".[46]

Thus after the first few years, it was no longer necessary to recruit Englishmen, and the arrangements of Van den Bosch were directed to substitute Dutch for English influence in commerce. But English manufacturers were irrepressible. They turned out better and cheaper cotton goods and, between 1840 and 1850, while the import of Dutch manufactures fell from f. 8·8 to f. 3·7 million, the value of English manufactures imported rose from f. 2·8 to f. 4·1 million. They could undersell the Dutch and could therefore outbuy them in such trade as still remained open, so that, apart from the N.H.M., they became the only merchants in Java, and it is perhaps legitimate for an Englishman to derive some satisfaction from the fact that, despite all the endeavours of Van den Bosch to defeat them, they still made headway.

The Chinese were even harder to suppress. Raffles had tried to break their power; but on his system the influence of the Chinese, as middlemen and money-lenders, rivalled that of the regents. Van den Bosch tried to defeat the Chinese money-lender by strengthening the position of the regents; but he had to bring the Chinese in again as contractors, and the growth of

imports and the development of petty trade in the bazaars led to an increase of the Chinese in numbers, wealth and power.

6. *The Culture System and the Netherlands.* In considering the working of the Culture System it must be borne in mind that the rehabilitation of Java was only one aspect of the plan of Van den Bosch, and one of minor importance; he had three objects: to put Java in a condition to pay its debts; to stimulate shipping and commerce in the Netherlands; and to provide an opening for home capital and industry.

Dutch shipping took a new start with the foundation of the N.H.M., and the Consignment System placed the Dutch once again in the front rank as a sea power and with a fleet exceeded only by England and France. Similarly the Consignment System gave a new impulse to Dutch commerce. For the first few years Dutch merchants were still sleeping, but when Van den Bosch came home in 1834 the great half-yearly auctions of colonial produce were inaugurated. Van den Bosch insisted that the produce should be sold, even at a loss, so as to attract merchants from abroad, and Amsterdam soon recovered its former position as a world market for tropical produce; by 1837 it was already the chief market in Europe for coffee, and for nearly half a century it remained the chief market both for coffee and sugar.

The building up of Dutch manufactures was a more difficult task. The defection of Belgium caused such discouragement that the N.H.M. proposed to concentrate on the carriage of foreign cottons, and even William seemed to acquiesce in his defeat. But Van den Bosch, like Coen, did not despair, and said that great things could yet be done. William accepted a project which Van den Bosch sent home for building up a cotton industry in the northern provinces, and thus laid the foundations of the vast cotton industry of Twenthe. One obstacle to Dutch progress was the Tariff. They were dependent on the goodwill of England, and in 1836 had to accept a revision of the arrangement by which they had secured a preference in 1824. The new tariff taxed Dutch cotton goods at 12½ per cent., but Van den Bosch got round this by a secret arrangement with the N.H.M. in 1835 that it should export Dutch cottons to the value of f. 3 million annually and obtain a refund of the

duty; in 1837 a supplementary contract provided for refund of the duty up to f. 5 million and by 1840 the imports of Dutch cotton had reached f. 8·8 million as against f. 67,000 in 1832. It was by no means the least of Van den Bosch's achievements that he built up a cotton industry from nothing.

Meanwhile, the "contributions" were keeping Dutch finances solvent, and in commerce, shipping and manufacture, as in the plantations, the Dutch were making easy money. They were making it too easily, for, protected from competition, they fell behind their rivals. The Great Exhibition held in London in 1851 showed Dutch manufacturers that their cotton goods would not compare even with those of Switzerland,[47] which were underselling Dutch goods in Java. Similarly their shipyards were content to turn out slow and roomy sailing vessels, and the new development of steam power was neglected. But the Dutch had at least learned that the profits of Java were worth an effort, and when an effort became necessary, they roused themselves to make it. All the material benefits which Van den Bosch conferred on his people were surpassed by his demonstration that something great could be done in Java. The main obstacle to Dutch progress at the beginning of the century had lain in their lack of enterprise. It was Van den Bosch who woke them up.

7. *Review of the Culture System.* Van den Bosch, as we have noticed, had a triple objective; he aimed at building up the production of Java, controlling the produce of Java in Dutch interests, and thereby restoring the commercial prosperity of the Netherlands. In all these matters his performance went beyond his promise. But his policy was conceived in close relation to the political and economic framework of 1830 and its success carried it beyond those limits into a wider field where it could no longer serve as guide. By 1840 the Culture System was out of date, and, with the passage of years, it came more and more to hamper the economic progress which in the first place it had engendered.

The administrative policy of Van den Bosch likewise passed out of date. It had been determined by his economic policy and was equally successful; it was, indeed, part of his economic policy for, by restoring order and reducing crime, it provided the

foundations of economic progress. But the political machinery which he devised was directed by arbitrary will, unregulated by law, and the social order which he fashioned on the Javanese pattern was artificial, no native growth but put together by political carpentry. For further economic progress it was necessary first to bind Leviathan by chains of law, and then teach him to walk by law, but of his own volition. These problems Van den Bosch did not attempt to solve, but they would never have arisen for solution had not Van den Bosch succeeded in building order out of anarchy.

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NOTES

[1] Instructions in C. de Groot, p. 98.
[2] C. de Groot, p. 121.
[3] Merkus, *Blik*, p. 54.
[4] Merkus, *Overzicht*.
[5] Report of 10 Oct. 1830 quoted in Baud's Minute of 17 Mar. 1831, C. de Groot, p. 116.
[6] Boerma, p. 24.
[7] Memo. (abbreviated) in 1834, ISB. 22; given in full *Bijd. tot de Taal-, Land- en Volkenkunde* 1863, p. 295.
[8] Boerma, p. 29.
[9] Van Vollenhoven, *De Indonesier*, p. 66; and *De Ontdekking*, p. 45.
[10] C. de Groot, pp. 139, 154.
[11] Quoted, de Graaff, *Hervorming v. h. Bestuurswezen*, p. 25.
[12] Colenbrander, *Betrekking*, p. 15.
[13] Official: 1836, ISB. 48.
[14] Official: 1829, ISB. 8.
[15] Piepers, *De Politierol*, p. i.
[16] *Ib.*, p. 4.
[17] Official: 1848, ISB. 16.
[18] S. van Deventer, *Land. Stelsel*, ii. 450.
[19] Bergsma, iii. 52.

[20] Bergsma, iii. 189.
[21] Logemann, p. 2.
[22] de Waal, *N.-I. in de Staten Generaal*, ii. 13.
[23] Van Hoëvell, i. 61.
[24] *Enc. N.-I.* iv. 68.
[25] *Ib.* iv. 111.
[26] de Bruyn Kops.
[27] Kielstra, *De Financiën*, 11; G. Vissering, in Colijn-Stibbe, ii. 183.
[28] S. Parvé, *Monopoliestelsel* (1851), pp. 2–4.
[29] Gonggrijp, *Schets*, p. 132.
[30] S. van Deventer, *Land. Stelsel*, iii. 191.
[31] Pierson, p. 120.
[32] Van Hoëvell, i. 55; ii. 146.
[33] Van de Putte, p. 5.
[34] Mansvelt, ii. 20.
[35] Van de Putte, p. 9.
[36] For Rochussen's Circular, see Van Hoëvell, i. 223.
[37] E.g. Gonggrijp, *Schets*, p. 130.
[38] Merkus, *Blik*, p. 54.
[39] Van Vollenhoven, *Ontdekking*, p. 44.
[40] Bergsma, iii. 189.
[41] Van Vollenhoven, *De Indonesier*, p. 13.
[42] Van Hoëvell, i. 57.
[43] Van der Kolff, Dr G., in Schrieke, *Western Influences*, p. 111.
[44] Mansvelt, ii. 309.
[45] Merkus, *Blik*, p. 42.
[46] Van der Kolff, *loc. cit.* 113 n.; also Angelino, ii. 48.
[47] Mansvelt, ii. 274.

CHAPTER VI

THE TRANSITION TO LIBERALISM, 1850–1870

1. *Fall of Van den Bosch.* By 1850, the succession of famines in India, the stagnation of production and consumption, and the slower rate of increase of the European population were all signs that the impulse to production given by the Culture System was fading; but new developments in the Netherlands, in shipping, commerce and manufacture, showed that private enterprise was ready to take its place. The Culture System was passing, not because it failed, but because it succeeded, and not because of distress in India, but because of a new balance of power at home; it had achieved all that Van den Bosch had promised, in Europe as well as in the East. In India few could, or dared, criticize it, but in the Netherlands it had called into existence a politically-conscious Liberal middle class, increasingly dissatisfied with the financial administration, first in Europe and then in the Colony; this class aimed originally at obtaining the power of the purse at home and, later, at obtaining control over colonial profits. During the period of transition there were three stages: (i) Liberal Opposition to the Crown (1840–48); (ii) Liberal Opposition to the Colonial Government—the "Colonial Opposition" (1848–62); and (iii) the triumph of Liberalism (1862–70).

In 1815 the Dutch had willingly given William a blank cheque, and, up to 1830, even his lavish expenditure did not shake their confidence; but when, after eight years of war and an addition of f. 300 million to the burden of debt, he was compelled in April 1839 to arrange terms with Belgium rather less favourable than he could have had in 1830, his people were more critical. The Indian loans of 1826 and 1828 aroused some questions, but mainly among Belgian Deputies, and the Dutch replied to Belgian Liberalism by becoming more Conservative. Although after 1830 some Dutch moved over to the vacant benches on the Left, the constitution was aristocratic and the franchise restricted, and moreover, during the war, criticism

was unpatriotic. In respect of Indian administration there seemed little to criticize; Indian contributions poured into the Treasury, and in 1836 the accumulated India debt, amounting to f. 200 million, was transferred to Indian revenue; in the following years the interest also was charged to Indian revenues. But when, in the estimates for 1839, Government asked for sanction to another loan of f. 19 million chargeable to India, questions were raised which could be evaded only on the plea that in a time of war secrecy was essential.

Meanwhile, the task of financing the Indian Government was straining the resources of the N.H.M., so that in 1835, and again in 1837, it was compelled to raise money on debentures. In 1839 matters reached a climax; although the whole Indian produce for 1840 was mortgaged to the company, Van den Bosch, despite the protests of the Directors, drew a bill on it for f. 500,000, and the company refused to honour it. The war was over, the King had himself been advancing money which he could not recover except through Parliament, and he had to come before the footlights. He therefore asked sanction to a loan of f. 56 million to meet debts of f. 39 million by the Indian Government to the N.H.M. and other outstandings. "This was a revelation; Croesus was short of petty cash!"[1] At the same time a crisis in Java added fuel to the fire; owing to the drainage of silver the Bank of Java refused to cash its notes. "As the Deputies struggled towards daylight through the labyrinth of borrowing and lending, with money passing backwards and forwards between the Colonial Office and the Company, the Company and the Indian Government, the Indian Government and the Colonial Office, and the Colonial Office and the Treasury, the suspicion grew ever stronger that the whole business was one unfathomable sink of iniquity",[2] and, in an outburst of indignation, Parliament demanded a strict account of Indian finances. None could be given, said Van den Bosch,[3] as no final balance had been struck since that with the English in 1816; and none was needed because, irrespective of accountancy, "India pays neither more nor less than its produce can yield". Nothing was wrong, he declared, except that the N.H.M. was temporarily short of capital; on the acceptance of the measure depended the fate of the colonial system, and, on

that, the fortunes of the Netherlands. "I have given forty years", he continued, "to transforming India from a burden into a gold mine. I cannot destroy my life work and, if I fail to convince you that this measure is necessary, I can only retire into private life and pray God that, in pity for my unhappy fatherland, He will avert the disasters which I foresee, and which no human wisdom can prevent." But his eloquence was unavailing, and his attempt to cast the blame on the N.H.M. was a tactical mistake; the *bill* was thrown out, and the Estimates for 1840 were rejected. Van den Bosch retired; in 1840 the Fundamental Law of the Netherlands was amended to give Parliament some control over the Indian contributions, and William I abdicated in favour of his son. Neither William nor Van den Bosch survived for long; William died in December 1843, and next year death removed the greatest colonial statesman of the Netherlands since Coen.

Van den Bosch was fortunate in his life and also in the occasion of his death, before famine in Cheribon cast the first shadow on his work. But his memory has been unfortunate. In the height of the reaction against his system he was very unfairly treated by the Liberal historian Van Soest, whose "tissue of insinuations"[4] has never been critically re-examined. His expressions of good will for the Javanese and of admiration for their institutions are still dismissed as hypocritical, "a gilt coating of philanthropic theory round a bitter pill of practice"; he is unfavourably contrasted with Du Bus as a merchant and no statesman, and even the semi-official *Encyclopedia of Netherlands India* makes unwarranted aspersions on his integrity.[5] Gradually, however, a juster view of his character and work is beginning to gain ground. He aimed at the welfare of the people of Java no less than Raffles, though by different means; and Raffles, no less than Van den Bosch, was actuated mainly by home interests. Raffles conquered Java for the English, not by force of arms but by his economic policy of welfare for the Javanese; Van den Bosch restored it to the Dutch, while claiming that the Javanese would enjoy greater welfare under his plan. But their ideas of welfare differed. Raffles believed in individual liberty, and held that social welfare would follow in its wake; individualism may be sound

doctrine where national solidarity and the hold of custom are as strong as they are in island England, but it imperils the weaker social structure of the East. Van den Bosch recognized that social bonds need reinforcement, and that social welfare is not a necessary consequence of liberty; it is a view, perhaps, that comes more easily in a land which for long centuries has maintained a precarious independence between powerful empires, and where particularism is still so rife that even to-day parties are almost as numerous as members of Parliament. In their social, as in their economic policy, Raffles and Van den Bosch had conflicting interests; Raffles thought to attach the common man to English rule by creating a new order of society in which the regents should have little part, whereas Van den Bosch looked to the regents and the established order of society as the foundation of Dutch rule. Raffles believed in law and order, and Van den Bosch believed in peace and quiet; Raffles—it is the tradition of English law and negative government—believed in letting the tares grow up and in repressing crime by punishment; Van den Bosch—it is the tradition of Roman law and positive government—believed in keeping the field clear of weeds, in preventing crime.

Van den Bosch succeeded in preventing crime and, at least so late as 1840, it would have been difficult to resist his claim that the Culture System promoted welfare. Yet in principle, the Liberal criticism of Van den Bosch was just. His theory was inherently vicious. The enforcement of order at the expense of liberty made the people incapable of ordered liberty, and the encouragement of production as a requisite of welfare led to the encouragement of production at the expense of welfare. In giving priority to liberty and welfare Raffles was placing first things first, even if his actual measures were unsound. But Van den Bosch was compelled by circumstances to look first to the development of production and the strengthening of authority, and only the vigour of his personality saved Java for the Dutch, and the Netherlands from the fate of Portugal. What he did for Java is of less importance; in Java he laid the foundations of the many-sided productiveness which distinguishes it from other tropical regions, attracted the capital which a modern economic system requires, and fashioned an instrument of

government which may well prove the mainstay of autonomy. But the true measure of his greatness is the renascence of the Netherlands.

2. *Fall of Baud.* The amendment to the Fundamental Law in 1840 was drafted by Baud, who succeeded Van den Bosch at the Colonial Office, and it soon appeared that he had lost none of his ingenuity in saying one thing while he meant another. The new clause (Art. 60) ran: "At the beginning of each Session there shall be laid before the States-General the latest statement of income and expenditure of the aforesaid plantations and possessions. The employment of the surplus available for use in the Motherland shall be regulated by law."[6] But Parliament had no say in the method of arriving at the surplus, or in determining either its amount or the share available for use at home, and "the latest statement" was always out-of-date. The King was still "exclusively" the supreme authority over the colonies, and Baud would vouchsafe no information further than the letter of the law required. Meanwhile, the number of people who wanted information was increasing, and they had found a leader in Thorbecke, a professor from Leiden, who expounded to an excited audience the Liberal principles of financial responsibility. "There was as yet no demand for any change in the system of government in the East...but there was a strong and growing conviction that sound financial administration in the Netherlands was impossible, and check over the administration impracticable, owing to secrecy in colonial finance."[7] Suddenly the tension was relieved by news from Paris. The Revolution of 1830 had been followed by the secession of Belgium; now it seemed that the Revolution of 1848 would lead to an upheaval in Holland. Excited crowds serenaded the King and Baud with revolutionary chants; and William, as he said afterwards, "turned from Diehard to Radical in a single night",[8] dismissed Baud, and announced that he would grant a new Liberal constitution.

At last Baud was caught napping. Through a long and prosperous career he had always struggled, painfully but successfully, to subdue his Liberal convictions to his official prospects. On his first arrival on the Indian scene, as a naval officer with Janssens, he had noted, perhaps for guidance as a warning against

excessive zeal, that Daendels "could not suppress his emotion at having to part from the child of his begetting",[9] reflected also, like a wise youth, that a naval officer would not gain much glory in the impending attack on Java by the English fleet, and dexterously avoided trouble by making himself so useful to Janssens that, before the English came, he was rewarded with a post in the Secretariat. On the capitulation of Janssens, Baud scraped acquaintance with an English officer, and before long found himself back in the Secretariat making himself useful to the English. In 1815, when English rule was drawing to a close, his marriage with the daughter of a leading Dutch official strengthened his position in Dutch colonial society, and shortly afterwards the disgrace of Raffles and his departure from his "sacred isle" furnished Baud with another lesson, superfluous perhaps, in the unwisdom of excessive zeal. His practical acquaintance with the Liberalism of Raffles and Muntinghe made him so useful to the Commissioners that he was promoted by Van der Capellen to be Chief Secretary. In 1821, however, it was easy to foresee trouble, and Baud dodged the coming storm by returning home to make himself useful in the Colonial Office. His next chance came when Muntinghe criticized the inflated project of William for the N.H.M. and, although Baud managed the arrangements to the satisfaction of the King, he may not have been greatly surprised when they came near to killing the new-born company. By this time the idealist Liberalism of Muntinghe was giving place to the more practical Liberalism of Du Bus, and Baud, like William, fell in with the proposals to develop Java by capitalist enterprise; his brother-in-law Muntinghe was a back number and, as Baud remarked on hearing of his death, "had ceased to be useful"; it was a third warning against excessive zeal. Baud had now become indispensable to Elout and was appointed head of the Colonial Branch, where he drafted a new Constitutional Regulation conformable with Elout's Liberalism. So far his Liberal principles, of varying shades, had commended him to Raffles, to Van der Capellen, Elout and William; now, like Muntinghe, they had ceased to be useful. The King, under the influence of Van den Bosch, to whom Baud had drawn attention, was hankering after the system of the Company, and Baud found no difficulty

in touching up Elout's Regulation in such a manner as to permit a return to the old system of compulsion and monopoly. For twenty years, though still "a Liberal at heart", Baud stood out as "the Cerberus of the Treasury", and, despite his Liberal principles, outdid Van den Bosch in a ruthless application of the Culture System. His drafting of Article 60 to amend the Fundamental Law in 1840 was a masterpiece of evasion, and he followed it by rigid devotion to the King's service such as he had always given to his masters for the time being. But in 1848—perhaps he was getting old—he failed to jump quite so quickly with the times. William dismissed him; and his offer of his services to the new power, Thorbecke, was, not unnaturally, declined. After that he held no office, but, with greater disinterestedness than his earlier career would suggest, continued to make himself useful as a private member in the States-General.

3. *The Fundamental Law of 1848.* The new Fundamental Law, drafted under the influence of Thorbecke, was Liberal in a sense very different from that of 1815; it introduced ministerial responsibility, parliamentary government, direct election on an enlarged franchise, the freedom of assembly and, in fact, fitted the State with new clothes, "ready for service" on the standard pattern of mid-Victorian Liberalism. But even Thorbecke, the master-tailor, did not wear the new garments with ease, and only in the course of the ensuing forty years were conventions gradually established that the Chamber might discuss all matters, and that the Government should be of the same political colour and tendency as the Legislature. In 1848 the question of control over colonial revenues was the crucial issue, but most people were content to leave exclusive control over administration with the Crown; even Liberals hesitated to disturb an old and approved system, they wanted to have disposal of the Indian revenues but feared to kill the goose which laid the golden eggs. Thorbecke, however, pressed for wider powers, and in the event the new Fundamental Law provided[10] (Arts. 60–62) that Parliament should pass a new Constitutional Regulation; should legislate regarding the currency and financial administration and, further, other matters whenever the need for legislation should arise. In other respects supreme direction (*opperbestuur*)

was left to the Crown, but the Government was to furnish annually a Colonial Report.

After the first elections under the new Fundamental Law, William III had to call on Thorbecke, "the Professor who dabbled in journalism", to form a cabinet. Thorbecke has often been termed the Dutch Gladstone, and was, in fact a Gladstonian Liberal; but he had learned and taught his Liberalism in an academic chair and, especially in respect of Indian problems, with which he had no personal acquaintance, never quite shook off the Professor. In Indian affairs, however, he had a valiant supporter in Baron Van Hoëvell, less rigidly orthodox as Liberal, but foremost in applying to India the humanitarian principles of Liberalism.

Van Hoëvell, a man of good family and a son-in-law of Van der Capellen, went out to India as a pastor in 1836. His wide range of sympathies led him on the one hand to re-create the Batavian Society of Arts and Science, which had languished since the time of Raffles, and on the other to found a periodical, the *Tijdschrift van Nederlandsch-Indië*, dealing with current affairs. Despite a stringent and arbitrary censorship, he managed to criticize the state of Java in this periodical without serious consequences; but, when the news of 1848 reached Batavia, his activities in promoting a meeting of the European community to further mild Liberal reforms were so strongly resented by the Governor-General, Rochussen, that he thought it prudent to return to Europe. On his election to the new Parliament in 1849 he soon made himself conspicuous by preaching the doctrine that the Dutch should place the welfare of India and the Indian people above considerations of trade and revenue. "I hold", he said, "that the welfare of the colonies should go above all and before all",[11] and in his speeches, and in an important work describing a tour in Java, he did more than any one to bring the evils of the Culture System before Parliament.

There were other currents of opinion in Parliament, but in 1850 these were still below the surface; there was the planting interest which, like Van Hoëvell, regarded the welfare of India as paramount, but identified the welfare of India with the prosperity of European enterprise; and there was the manu-

facturing interest, which would profit if the people of India would buy more cotton goods. It was not, however, until the 'sixties that the planters became vocal, and the manufacturers did not come to the front for another fifty years; in 1850 the prevailing attitude of Liberalism was doctrinaire, and Liberals listened to Van Hoëvell with sympathy but without conviction. Van Hoëvell was not, in fact, a Liberal, except in feeling; he never objected to the Culture System as such, nor to the element of compulsion on which it rested, and he did not quarrel with the application of the Indian surplus to home finances. He was heard with respect, therefore, by both sides; by the Liberals, and also by their opponents, whether like Baud, they based colonial policy on the Indian surplus, the *batig slot*, or, like Groen van Prinsterer, the leader of the doctrinaire Conservatives, they objected to Liberalism as revolutionary, and preferred that control over India should rest with the Executive.

On assuming office Thorbecke betrayed his innocence of Party Government by appointing as Colonial Minister an undistinguished Conservative, Pahud, whose chief qualification was long service in India under the old system. The Fundamental Law required that an India Bill should be presented within three years; but Thorbecke was very busy remodelling the Netherlands on modern lines, and Pahud, as a civil servant, had learned at least to make haste slowly, so that the three years had nearly expired when he brought in a measure not very different from the *Regeringsreglement* of Van den Bosch in 1836. It is chiefly remembered by a passage in the Statement of Object and Reasons (*Memorie van Toelichting*) which described India as a "*wingewest*", an exploitation-province, and laid down as the objects of policy, firstly that Dutch rule should be maintained there by peaceful methods and, secondly, that "saving the welfare of the natives, it must continue to furnish the Netherlands with those material benefits for which it was acquired". Under the procedure then obtaining this measure lapsed because it outlasted the current session; but when reintroduced a year later it was keenly criticized in committee. Then a sudden domestic crisis brought about the fall of Thorbecke's ministry. The new Conservative Government reappointed Pahud to the Colonial Office, and he brought in a new

Bill with a masterly Explanatory Memorandum framed by Baud. This measure was far more Liberal than that which he had brought in under Thorbecke's Government, but he found his former colleagues more critical of his proposals now that they were seated on the Opposition benches, and in 1854 he had to replace it by a new Bill. This was pushed through, despite Liberal opposition, and in September 1854 the new Constitutional Regulation (*Regeringsreglement*) was ratified by the approval of the Crown.

4. *The Regeringsreglement, 1854.*[12] In its final shape the new Regulation was a patchwork compromise. The existing administrative machinery was taken over with little change of form, but it was imbued with a new principle. The Government, on the old Dutch plan always followed until 1836, was entrusted to a Governor-General with a Council*; in some matters this was advisory but in others it shared his responsibility. Former Constitutional Regulations had identified administration with revenue, which was supervised by a Board of Finance; but this Board was to be replaced by a Council of Directors, or Heads of Departments, charged severally with administering "the divers functions of general civil government"; although this injunction suggested a broader conception of government responsibilities than under the Culture System. Some years elapsed before it took effect and the new Council merely carried on the work of the old Board of Finance (see p. 189). The General Chamber of Accounts, and, by implication, the Secretariat were retained. As in earlier Regulations, provision was made for the independence of the Judiciary. The natives were left under their "appointed or recognized heads", the right of electing their own headmen and managing their own affairs was guaranteed to the village communities; and the dual organization of society was expressly recognized. Thus the constitution, which since 1803 had been built up by executive decree and

* In 1609 Indian affairs were entrusted to a Governor-General and Councillors (*eenige Raden nevens denselven*); this plan was followed until 1836, when the RR. of Van den Bosch gave sole power to the Governor-General, but recognized the councillors (*raden*) as a corporate body, the Council (*Raad*), though restricting its functions to advice. The RR. of 1854 retained the corporate body, the Council, but gave it certain powers. The members, as before, were a few high officials. (Kleintjes, i. 20, 245.)

the growth of custom, was given the force of law; and in future law was to take the place of arbitrary rule. That was the new principle with which the machinery was informed. It was only by very slow degrees that this principle became effective. Even in the Netherlands the implications of constitutional government were not fully recognized for some twenty years; and in India the regents were not closely bound by law till 1910, while "gentle pressure", the exercise of personal authority beyond the law and thus the negation of law, has not yet been eradicated. Nevertheless, the Regulation of 1854 stands out as a landmark in the constitutional development of Netherlands India by its clear recognition of the supremacy of law. Van den Bosch had based his system on authority. Since 1815 the Crown had always stood above the law, and on two occasions had empowered its representative in India to set himself above the law. This would no longer be permissible. The Government, under strict conditions, was still empowered to dispense with particular laws in particular instances, but even Baud himself, the most powerful advocate of executive authority, argued that this concession was essential because "we are entering on an era of legality".[13] Thus, at least in principle, the Regulation of 1854 made a final break with the doctrine of Van den Bosch.

In other respects, however, the cut with the past was by no means so definite, even on paper. Many important matters were left to be settled by "general regulations" (*algemeene verordeningen*) which comprised not only Laws, legal enactments of the Legislature, but also Royal Decrees, acts of the Crown, and Ordinances, acts of the Governor-General, with or without his Council. The people were to be left under their own heads, but it remained uncertain whether these heads, the regents, were officials or representatives of the people.[14] State cultivation was no longer, as in 1836, to be fostered by Government, but it was not condemned; safeguards were imposed to remedy its worst defects, but it was to be maintained, so far as compatible with the welfare of the people. There was much vagueness also in the provisions regarding compulsory services, land-rent, tolls, forests, the leasing of land by Government and the hiring of land from natives. Some of the clauses proved to be inconsistent, notably Art. 57, requiring Government to regulate compulsory

services, and Art. 71, prohibiting intervention in village life, which was essential for the satisfactory regulation of such services. The arrangements regarding slavery and debtor-bondage had a Liberal character, and recognition was accorded to the importance of education and to freedom of religion, but limitations were imposed on the freedom of the Press, and political assemblies were prohibited.

This vagueness of the Regulation on contentious matters made it acceptable, and was even useful by allowing a progressive interpretation as conditions gradually changed. At the time it disappointed both Liberals and Conservatives; Thorbecke condemned it as a miscarriage, an abortive experiment in building an organic state and voted against it, as likewise did Van Hoëvell; and in the same lobby with them were Groen van Prinsterer and the other Diehards. But, apart from a few minor amendments and some more important supplements, it served its purpose for nearly three-quarters of a century.

5. *The Colonial Opposition.* It was in the discussions on this Regulation that Liberals went on from criticizing the disposal of the colonial surplus to the criticism of colonial administration, and came to be known as the Colonial Opposition. During the next ten years the Colonial Opposition, under a succession of reactionary Governments, gradually worked out a constructive Liberal colonial policy; meanwhile the Conservatives were content to leave matters as they were, the Liberals had no power to change them, and there was little progress in colonial legislation; the chief features of this period were a Currency Law, introducing a silver-exchange system which put the colonial currency on a sound basis for the first time since the departure of Raffles, and a Press Law.

Except for a few years under Van Imhoff, the only periodical in Company times was a sheet of auction advertisements.[15] Daendels started an official gazette, the *Javasche Courant*, which Raffles continued, and under Van der Capellen this gave space to matter of general interest. The stimulus to private enterprise given by Du Bus led in 1828 to the appearance of a commercial journal, the *Handelsblad*. Thus at that time there was in practice freedom of the Press. Van den Bosch, however, closed the *Courant* to controversy, and the *Handelsblad* came to an end in

1833 with the suppression of private trade. With the subsequent revival of private enterprise, papers were started in Surabaya (1837), Semarang (1845 and 1846) and Batavia (1851). But these were subject to such close censorship that they were little better than advertisement-sheets, and it was a great achievement when Van Hoëvell produced the *Tijdschrift* in 1838. Every issue of every publication, even the Journal of the Batavian Society, had to receive the *imprimatur* of the local police. Van Hoëvell describes the position in 1847: in Batavia there was the Government Press and that of the Batavian Society; in Surabaya "a toy press" for the local advertiser; and only in Samarang could one find something "peculiar, remarkable and rare", a real printing establishment.[16]

The freedom of the Press was one of the most controversial issues in the discussions on the *Regeringsreglement*, and Van Hoëvell pleaded for the free admission of Dutch books on the ground that Chinese books came in every junk, though no official could read Chinese. In 1856 when, as provided by the *Regeringsreglement*, a measure dealing with the Press was laid before the Chamber, Thorbecke invoked the principles of liberty and the practice in British India. But Rochussen, the former Governor-General and now a Member of Parliament, rejoined that until the Dutch adopted the British principle of governing the country in the interest of its people with a view to political emancipation, British practice was an unsafe guide. Thorbecke termed the Act a "deed of darkness" but Van Hoëvell, as usual, was less moved than Thorbecke by doctrinaire considerations and, having had his own experience of arbitrary interference, accepted a bad law as better than no law at all.

Gradually, however, even under reactionary governments, Liberalism made headway. An outbreak in Borneo following on the Mutiny in British India made Rochussen tremble; "Mahommedan fanaticism, Liberal fanaticism and the interference of Parliament in colonial affairs", he said,[17] "were equally dangerous." And no one, not even Van Hoëvell, was prepared to forego the Indian contributions from the *batig slot*. But Van Hoëvell was developing another line of attack with a view to the better regulation of State cultivation; he insisted that favouritism and corruption in the giving out of contracts

prejudiced the balance which India could contribute; and the growing number of those who wanted a finger in the Indian pie began to recognize that Van Hoëvell's sentiment had a core of common sense. In 1860 a Conservative member secured the passage of a Resolution in favour of the legal regulation of the sugar contracts.

This marked the turning of the tide. Liberalism was no longer merely a movement, it had become a power. But two other events mark out 1860 even more distinctly as a turning point: the publication of a novel, *Max Havelaar*, by an ex-Indian official, Dekker, writing under the name of Multatuli, and of a pamphlet on the *Sugar Contracts*, by a prominent sugar planter, Van de Putte.

In *Max Havelaar* Dekker told the story of his career. As a picture of official life the story is almost incredible, and one can hardly conceive it finding credence, or even readers, in England, where the verdict would probably be that a man like Dekker, by his own account so insubordinate and hasty, deserved all he got, and did not deserve to be believed. Almost the only live figure in the book is a canny Dutch merchant, and it may be that the reader, recognizing in Droogstoppel a caricature, if not a portrait, of his neighbour, took the Eastern scenes as equally true to life. Yet there is no doubt that "this royal book", "for many a new revelation", "sent a thrill throughout the land".[18] Probably the political situation had much to do with its immediate success. Dekker held no brief for Conservative or Liberal; between them, he said "there is a profound difference; one holds that we should make all we can out of India and the other holds that out of India we should make all we can".[19] The burden of his book is that the Dutch Government hands over the Javan to his own chiefs who oppress him; that was much what Van Hoëvell had been telling Parliament for ten years, but Dekker spread it abroad among the people, and his book was a powerful argument against the Culture System, which the new leaders of the Liberal party were quick to seize upon.

The man who put it to the best use was Van de Putte.[20] He was a very different man from either Thorbecke or Van Hoëvell, and had nothing in him of the doctrinaire or humanitarian.

After ten years at sea he had settled down in Java and made a fortune in sugar planting. Although he had no personal reason to complain of the Culture System, he thought it rotten, and in his pamphlet said so, with the breeziness of a sailor and all the emphasis of capitals and italics. For a time, he admitted, the results of the Culture System had exceeded the boldest expectations; but it came to be worked too hard, and inefficiently. The famines of the 'forties had aroused the national conscience, the reforms gave the people a chance to intervene, the opposition cried aloud at the oppression of the Javanese, and all had come to realize that disasters, local misrule, excessive services were matters of secondary importance; the prime cause of all the evil was the Culture System, "rooted in unrighteousness". People might tremble for the *batig slot*, the Indian contributions, but it was his firm inward conviction that wise reforms, liberating land and labour, would furnish equally large contributions out of direct taxation. The one essential was to give private enterprise free access to land and labour. Here was a constructive Liberal colonial policy.

6. *Liberalism Triumphant.* The chief significance of Van de Putte and Dekker was that they furnished the Liberals with a leader and a war-cry. For by 1860 Liberalism already had the big battalions; the influence of the N.H.M. now stood behind the planters, and powerful banking interests were backing free enterprise; the experts in Indian affairs were no longer Conservatives but Liberals, and the Conservatives no longer supported the Culture System but merely resisted change. In 1860 and in 1861 Conservative leaders appointed Liberals to the Colonial Office, and in 1862 Thorbecke regained power. By this time, however, the flood-tide of Liberalism had swept past Thorbecke, and the estimates of his Colonial Minister were rejected as too conservative. The Minister resigned and Thorbecke reluctantly called on Van de Putte, now a Deputy, to help him. It was a fatal choice. Van de Putte was the Joseph Chamberlain to Thorbecke's Gladstone; Thorbecke was the cultured academic Liberal of an earlier generation, and Van de Putte, the practical, progressive man of business. In Indian affairs he had an advantage over Thorbecke in his personal acquaintance with business in the East; he meant business, and

went straight to the point with a force of character and charm of manner that carried his reluctant colleagues, as with a strong sea-breeze, over obstacles which they had been unable, and only half-willing, to negotiate. Van Hoëvell had given the Liberals new light on colonial affairs; Van de Putte gave them new life and vigour.

On his appointment to the Colonial Office, the Chamber accepted his estimates in place of those formerly rejected, and thus, it was said, "paid homage to a system of government which preferred freedom and justice above profit-seeking"; in other words they accepted the principle that profits should go to private individuals rather than to the public. This allowed him to tackle the thorny problem of control over Indian finances, and in 1864 he obtained the passing of the Accounts Law (*Comptabiliteitswet*) which provided that the Indian Budget should be passed annually by the home Parliament. By enabling the Chamber to scrutinize in detail every aspect of Indian administration, it gave the Legislature the power over Indian affairs for which Thorbecke had been pressing for some twenty years. It was a crowning victory for Liberalism.

But the Liberals, as is their way after a crowning victory, began to quarrel among themselves. Success unites Conservatives by allowing them to strengthen their defences, but it divides the party of progress, comprising members who wish to advance on different objectives and at different rates. When the Accounts Law gave Liberals control over the fortunes of India there were three distinct lines of further progress, three separate problems: the abolition of State cultivation, the expansion of free enterprise, and the adjustment of the tariff. There were also three Liberal schools of thought: doctrinaires, like Thorbecke; humanitarians, like Van Hoëvell; and practical men of business, like Van de Putte. Van de Putte, with his sturdy common sense, turned to good account the authority of Thorbecke and the sentiment of Van Hoëvell, but, now that victory had been gained, he began to find his allies restive. There had already been friction between Thorbecke, the professor, and Van de Putte, the planter, and, when Van de Putte tried to introduce a new Penal Code by royal decree instead of, as Thorbecke, on Liberal principles, thought right, through the

Legislature, there was an open rupture. Thorbecke resigned, and in January 1866 was succeeded by Van de Putte.

His laurels soon faded. Thorbecke had been hampered by secret opposition, but Van de Putte had to rest on sham support. His first great measure was an attempt to provide for the expansion of private enterprise by a Culture Law. This was a very different measure from those which Van Hoëvell had put forward under the same name in order to regulate State cultivation; Van de Putte's bill purported to give both capitalist and cultivator full and free disposal of their land by converting communal possession into private ownership; but, in effect, it was "a law to provide land and labour for capitalist enterprise".[21] This move was premature; many capitalists regarded communal possession as "a lever of prosperity", and feared lest the private ownership of land might cause difficulty in securing land and labour; humanitarians supported Conservatives in deprecating any interference with native custom and tenures. Thorbecke, "the murderer of the law", gave the dissentients a lead; he hesitated to legislate on a subject of which so little was known and, with the support of some Liberals and Catholics (who at that time acted with the Liberals), he secured an amendment which Van de Putte would not accept. The resignation of Van de Putte "broke the Liberal party and was a turning point in the political history of the Netherlands".[22]

The immediate sequel was the return of the Conservatives to power with Mijer, an ex-official, as Colonial Minister. Among other measures he caused the Indian Government to issue a proclamation confirming the peoples of India in their customary rights. Then, presumably in order to restore the damage done in Java by Liberal fanaticism, he exchanged the post of Colonial Minister for that of Governor-General, and shortly after his arrival set on foot an enquiry into the nature of customary rights and tenures.

The departure of Mijer left Conservatives at home without a leader and without a policy, and the Liberal cause made progress even under its opponents. By this time colonial problems had become a central issue of party strife, and the Conservatives could do no better than yield ground slowly. Thus it was a Conservative Minister, de Waal, who solved the most con-

tentious difficulty by his Agrarian Law of 1870, which gave freedom and security for private enterprise, without raising the question of native tenures. Meanwhile, much progress had been made in abolishing State cultivation; of pepper in 1862; of cloves and nutmeg in 1863; of indigo, tea, cinnamon and cochineal in 1865; and of tobacco in 1866.* But on the fall of Van de Putte the Culture System still survived in respect of the two chief products, sugar and coffee. De Waal, however, arranged, in his Sugar Law of 1870, the year of the Agrarian Law, that Government should withdraw from the cultivation of sugar in twelve annual instalments, beginning in 1878, and he also allowed the free sale of sugar in Java, instead of requiring that it should be consigned to the Netherlands for auction. Thus the Culture System and the Consignment System ended, as they had begun, together. Coffee was still grown for Government, but merely for revenue, as even Van de Putte admitted to be necessary; and it is notable, as illustrating the disintegration of Conservative policy, that the final and decisive blows to the Culture System were inflicted by a Conservative Minister and a Conservative Governor-General.

There still remained the third problem, the Tariff. The arrangement of 1836 had been revised in 1837, when the general level of duty was placed at 6 per cent. on goods imported in Dutch ships and 12 per cent. for foreign ships; certain goods which the Netherlands could produce were taxed at 12 per cent. if of Dutch origin and 24 per cent. if of foreign origin, but cotton and woollen goods were still charged at 12½ per cent. if of Dutch origin and 25 per cent. if of foreign origin. This tariff was protective; but it protected the Netherlands and not Java, and was prejudicial to the planting interest in Java. Van de Putte argued that, as shown by the Exhibition of 1851 in London, it had hindered the progress of manufacture in Holland; and in 1865 his Tariff Law took a step towards free trade by imposing a general rate of 6 per cent on Dutch goods and 10 per cent. on foreign goods, though cottons and woollens, and certain other home products paid 10 per cent., as against 20 per cent. on foreign goods. In 1869, again under a Conservative ministry, the last rate was lowered to 16 per cent.; and in 1872, by

* Rengers, p. 735, gives rather different dates.

dexterous concessions to the manufacturing interest, Van de Putte achieved a final triumph for Liberalism with a new Tariff Law which abolished differential duties. With this the transition from the Culture System to Liberalism, so far as that was possible in the Netherlands, was complete.

7. *The Transition in India.* Shortly after the Liberals came into power in 1849 Rochussen resigned, and Thorbecke had to select a Liberal as Governor-General. His choice fell on Duymaer van Twist, a man of business with no Indian experience. At that time, although it was recognized that something had gone wrong with the Culture System, no one objected to it in principle, nor to the application of the colonial surplus to the requirements of the Netherlands. Van Twist did not contemplate the abolition of the Culture System, but he hoped to remedy its abuses, to provide new opportunities for private enterprise, and to remove the hindrances imposed on trade by the farming out of monopolies.

Chief among his problems was that of opening up Java to capitalists. The rules for the grant of waste land had been suspended in practice since 1839. Van Twist hesitated to revive them but, in 1856, just after his departure, an Ordinance was published under the *Regeringsreglement* of 1854, Art. 62, which provided for the grant of leases. These leases, however, ran for no more than 20 years, they could not be used as security for loans, and were available only in remote areas where labour was scarce; and they were therefore never attractive. The planters wanted labour rather than land, and Van Twist therefore revived the Rules of De Eerens allowing capitalists to enter into collective contracts for the services of villagers over a period of five years. It soon proved, as Van der Capellen, Van den Bosch and Baud had argued, that these so-called voluntary contracts were really forced agreements, under which the capitalists, by advancing money to the village headmen, obtained a tight hold over the villagers and their land; in 1863, therefore, the system of individual agreements was revived, an arrangement which satisfied neither the capitalists who wanted free access to the land, the humanitarian who looked to the welfare of the cultivator, nor the surviving advocates of State cultivation who wished to keep out the capitalist. Van de Putte failed to pass his

Culture Law; and the difficulty of obtaining land in Government territory led, as under Van der Capellen, to an extension of capitalist enterprise in the native States.

At the same time that Van Twist was attempting, without much success, to facilitate private enterprise, he was trying to curb the excesses of the Culture System. How far he succeeded is doubtful. Pierson represents India after 1850 as a different place; but, according to Van de Putte, the reforms existed only on paper.[23] It deserves notice, however, that in 1860 officials were so zealous in promoting the cultivation of rice rather than export crops as to insist on the planting of long-lived paddy, even where the soil or water supply was unsuitable.[24] From 1862 onwards there was a direct attack on the Culture System and, as the State gradually withdrew from cultivation, the lands hitherto cultivated for Government were made over, nominally on voluntary agreements, to private enterprise, and the sugar planters who still held contracts from the State were allowed freedom in the disposal of their produce. In 1866 the European officials ceased to draw a commission on State cultivation.

The third object of Van Twist's policy was the abolition of monopolies. The Estimates for 1850 mention the farming of the poll-tax; of slaughter-house licences, for cattle, sheep and pigs; of fish markets, fisheries and fishing licences; of native spirits and tobacco; of gaming houses; of bazaar rents and fees; of bridges, locks and ferries; and of birds-nests, opium, nipa and forest produce. In 1844 the revenue from these farms reached f. 15·3 million. Nearly two-thirds came from the opium monopoly, but the bazaar farm, which on Liberal principles was regarded as particularly obnoxious, yielded about f. 3 million. Van Twist abolished the farming of bazaars, and in 1864 the fishery auctions were stopped; but the abolition of the opium and pawnshop farms, though often considered, was not accomplished until after 1900.

8. *Economic Progress: (a) Production.*[25] In 1870 production was still almost restricted to Java to the exclusion of the Outer Provinces, and was almost solely agricultural, except for tin from Banka and Billiton; but there had been a great development of agricultural production since 1850. The population, which in 1846 more than doubled that of 1815, continued to

grow at much the same rate; the figures for the area under rice, although inaccurate as a representation of the facts, probably have some value for comparison, and suggest that it grew more rapidly than the population; also the attention paid to long-lived paddy must have raised the yield per bouw and increased the total output more than in proportion to the area cultivated. At the same time the direction of the cultivation of export crops was passing from officials to planters, who depended on it for their livelihood, with a corresponding growth in efficiency.

The main products, apart from rice, were still coffee, sugar, indigo, tobacco and tea. In 1870 most of the coffee was still cultivated for the State, and most of the sugar for Government contractors, but these contractors, mostly European though with some Chinese, had greater freedom than before. There were about a hundred of these sugar factories, and the normal area allotted to each factory was about a square mile. The only other crops still cultivated for Government were pepper in Bencoelen and cinchona, by voluntary labour, in Java. On the Private Estates (*Particuliere Landerijen*) there was little change. Of the 1·6 million bouw, about three-quarters belonged to Europeans and the rest to Chinamen, except some 58,000 bouw in native hands; they were mostly, so far as cultivated, under rice, and the owners, often absentees, merely took a heavy rent from the peasants. The plantations on lands leased from Government, under the rules of 1856, numbered rather less than 100; the normal area was 300 to 400 bouw; except for a few in the Preanger that grew tea, they were mostly under coffee, and seem to have been Government plantations recently leased out to capitalists. The enterprises on so-called "free agreements" numbered about 150, and these also seem to have originated in the transfer to private individuals of "agreements" formerly existing between the village elders and the State; mostly they produced tobacco or sugar, some furnished rice for a privately owned rice mill, and a few grew indigo. About 10 per cent. of these enterprises were in Chinese hands. The plantation in native States also numbered about 150; the main crops were sugar, indigo and tobacco, but some grew coffee.

As appears from the following table these new developments, taken altogether, show a very remarkable progress in private

enterprise after 1850, though it was not until after the Agrarian and Sugar Laws of 1870 and the opening of the Suez Canal that private enterprise came wholly to overbalance State production.

Comparative value (million guilders) of State and Private Exports of Merchandise, 1856–85

Year	Total exports		Details for chief agricultural products									
			Coffee		Sugar		Indigo		Tobacco		Tea	
	S.	P.	S.	P.	S.	P.	S.	P.	S.	P.	S.	P.
1856	64·4	34·3	33·0	2·8	20·0	9·0	2·1	1·7	0·02	1·0	0·43	0·1
1860	47·4	47·1	25·1	4·6	11·2	20·7	1·7	1·7	0·02	1·4	0·56	0·0
1865	48·7	47·2	23·8	9·7	12·1	20·2	2·1	2·1	—	2·1	0·28	0·4
1870	46·5	61·2	31·2	12·9	8·7	23·5	—	3·2	—	3·6	—	1·7
1875	41·4	130·7	38·3	32·1	—	52·4	—	1·9	—	9·1	—	2·1
1880	37·1	138·1	31·9	27·9	—	48·8	—	3·0	—	15·7	—	1·7
1885	16·3	168·7	12·8	16·8	—	84·0	—	3·7	—	20·1	—	1·6

S. = State P. = Private

NOTE. Figures from 1856–65 from de Bruyn Kops, vol. ii; he does not separate the State and private exports of produce before 1856; up to 1856 the figures relate only to Java and Madura, but the exports from the Outer Provinces were negligible. Figures after 1865 from the Annual Trade Returns.

(*b*) *Banking*.[26] This development of private enterprise created a demand for capital, which was supplied very largely by the N.H.M. In 1853, when this company's contract was renewed, it was stipulated that Government might sell part of the produce in Java; another and more important change was that Government began to keep a balance with the company instead of an overdraft. This reduced the company from banker to cashier, and it had to seek new employment for its capital; it found this in financing the growing private enterprise in Java. At that time it had no competitors in this line, as the Java Bank was hampered by a maximum limit to its note issue, and by statutory restrictions on the use of its funds. By 1861 the N.H.M. was financing 17 sugar factories, besides coffee and other plantations, and it therefore had a substantial interest in private enterprise; thus it was the earliest of the so-called "culture banks", though the term is a misnomer, as these banks abstained from ordinary banking business and specialized in financing agricultural enterprises. Its profits attracted competitors, and in 1857 the N. I.

Escompto Mij. was founded with a modest capital of f. 0·5 million. This, however, did little to meet the demand, and, when a crisis developed in 1863, largely due to excessive advances on inadequate security to native tobacco growers, an outcry for more capital led to the foundation within the same month of three new credit institutions, the Rotterdamsche Bank, with a capital of f. 2·125 million, the N.-I. Handelsbank, with f. 1·5 million, and the Int. Crediet en Handelsvereeniging with f. 1·0 million. In the same year the Chartered Bank of India, Australia and China opened a branch in Batavia, and in 1868 the first Exchange for negotiating private bills was opened. Thus by 1870 private enterprise could obtain as much credit as it needed.

(*c*) *Commerce.* The large increase in production was reflected in a corresponding rise in the value of exports, with a rise in imports as a natural sequel. The figures of chief interest are given in the table on p. 171.

Certain figures in these tables deserve special attention. Perhaps the most striking feature is that, just as the rise consequent on the introduction of the Culture System was followed by stagnation or decline, so likewise was the sharp rise between 1850 and 1860 followed by a fall during the next ten years. The proportion of exports to the Netherlands remained about the same in 1870 as in 1850, and the proportion of imports from the Netherlands rose; yet the imports from foreign countries in 1870 exceeded in value the total volume of imports in 1850. As shown in the following table, this increase of trade

No. of English ships in Batavia.

Year	No.	Tonnage (000)
1830	44	16
1850	38	14
1860	59	20
1870	111	61

From de Bruyn Kops and, for 1870, the Annual Trade Returns.

was accompanied by a large rise in the number and tonnage of English ships calling at Batavia; though the increase after 1860 was partly at the expense of America owing to the Civil War.

Exports of Merchandise, 1850–70

Year	Total value of exports (f. 000)	Value of exports to Netherlands (f. 000)	Details for					
			Coffee		Sugar		Indigo	
			Pikols (000)	Value (f. 000)	Pikols (000)	Value (f. 000)	Pounds (000)	Value (f. 000)
1850	57,740	45,223	818	18,720	1,383	17,044	1,256	4,193
1855	78,758	62,642	1,264	32,398	1,662	20,435	926	3,250
1860	99,147	76,808	899	29,825	2,081	31,982	—	3,452
1865	101,375	80,806	807	33,659	2,205	32,398	—	4,229
1870	107,759	82,423	—	44,140	—	32,299	—	3,227

NOTE. From 1860 onwards Government produce is no longer classed in the Returns as Private Merchandise; but Government exports of merchandise, other than produce, are insignificant. The figures therefore include all merchandise.

Imports of Private Merchandise, 1850–70 (f. 000)

Year	General				Cotton goods			
	Total value	From Netherlands	Of Netherlands origin	From U.K.	Total	From Netherlands	Of Netherlands origin	From U.K.
1850	24,037	7,956	5,274	5,692	9,837	4,773	3,743	4,147
1855	32,064	11,696	8,786	8,001	14,450	7,740	6,604	6,364
1860	44,173	17,914	12,395	11,660	20,943	11,005	8,805	9,325
1865	40,247	16,078	9,011	8,063	13,986	7,295	4,783	6,055
1870	44,459	19,050	8,778	7,534	16,024	8,993	6,496	5,388

This development of English commerce was an indirect outcome of the Culture System, which had given Dutch shippers no inducement to improve their fleet, and had sacrificed Dutch mercantile enterprise for the benefit of the N.H.M. The import figures are also of great significance as illustrating the comparative effect of the Culture System and the Liberal System on native welfare. During the first ten years of the Culture System practically the whole rise in imports was in cotton goods for the natives; the ten years after 1850 also saw a large rise in the import of cotton goods, but it accounted for only half the total rise in imports. After that, a decline in cotton imports with no corresponding fall in total imports indicates that, while native welfare was declining, Europeans were able to spend more freely, and, after twenty years of Liberalism, the consumption of cotton goods for a very much larger native population was little greater than under Van den Bosch in 1840, although the total volume of imports was nearly twice as large. At the same time there was little expenditure by Europeans on production; the import of fertilizers was less in 1870 than it had been in 1855, and the import of iron, steel and machinery had made little progress. The increase in consumption represented by the large increase of imports was in large part due to the greater profusion of a growing European population.

(*d*) *Revenue*.[27] Despite this growing prosperity, the revenue showed no corresponding development, and in the budget for 1867, the first to come before Parliament under the Accounts Law of 1864, it stood at much the same figure as in 1850. The income under the chief heads is shown in the following table.

Head of Revenue	Yield (mil. f.)	
	1850	1867
Land revenue	10·7	12·6
Farms	10·4	10·8
Salt	4·6	5·8

Throughout this period the tradition still survived of cutting down expenses, and depending on forced labour rather than on money taxes, so that the State could forego revenue in the usual sense, and the increase of production was reflected in the balance,

the *batig slot*, which was contributed to the Netherlands; this rose from f. 15 million in 1851 to an average of f. 25·4 million between 1852 and 1860, and to f. 32·5 million over the period 1861–66. Only when the States-General from 1867 began to demand higher expenditure on development did the *batig slot* begin to fall.

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NOTES

[1] Boerma, p. 39.
[2] Mansvelt, i. 425.
[3] de Waal, *N.-I. in de Staten-Generaal*, ii. 296.
[4] Boerma, xii.
[5] Colijn-Stibbe, ii. 35; Gonggrijp, *Schets*, p. 119; *Enc. N.-I.* i. 384.
[6] Louter, p. 85.
[7] *Ib.* p. 87.
[8] Mansvelt, ii. 243.
[9] Kemp, p. 131.
[10] Louter, p. 96.
[11] Rengers, p. 321.
[12] Official: 1854, SB. 129; 1855, ISB. 2.
[13] Keuchenius, iii. 451.
[14] Mr H. F. Winkler.
[15] Dr G. W. J. Drewes, *Persvrijheid.*
[16] Van Hoëvell, i. 103.
[17] Rengers, p. 323.
[18] Colenbrander, *Van Deventer*, i. 153; Pierson, p. 332; Van Hoëvell, quoted Rengers, p. 212.
[19] Quoted, Day, p. 382, from Keymeulen, *Revue des Deux Mondes.*
[20] Van de Putte.
[21] Colenbrander, *Geschiedenis*, iii. 50.
[22] Rengers, p. 309.
[23] Pierson, p. 134; Van de Putte, p. 22.
[24] Periodicals: *Kol. Verslag*, 1860.
[25] C. de Groot, p. 151; *Kol. Verslag*, 1860, 1870; Regeringsalmanak, 1860, 1870.
[26] Mansvelt; Helfferich.
[27] Kielstra, *De Financiën*, p. 32.

CHAPTER VII

LIBERALISM, 1870–1900

1. *The Economic Environment.* The year 1870 stands out in red letters in the chronicles of Netherlands India by reason of the Agrarian Law and Sugar Law, but it stands out even more conspicuously in world history by the revolution in economic relations, and therefore in social and political relations, between East and West which followed on the opening of the Suez Canal. The 'sixties were notable for improvements in communications: telegraphy, opened to the public in 1856; a modern postal service, inaugurated in 1862; the first few miles of railway in 1867; and on the high seas steamers were beginning to threaten the supremacy of the new clipper sailing ships. But the completion of the Suez Canal in 1869 changed the whole economic environment of Netherlands India, and the great achievement of Liberalism was that it enabled the Netherlands to profit by the change.

2. *Economic Policy.* From 1815 to 1870 the Dutch were struggling against adverse circumstances to develop the potential wealth of Java to the profit of the Netherlands. Muntinghe, Du Bus and Van den Bosch all agreed in regarding the colony as a *staatsbedrijf*, a State enterprise; it was the old tradition of Dutch government, both in Europe and in the East. They agreed also that a policy of *laisser-faire* would lead to an expansion of the area under rice and a growth in imports, but in imports of British goods, with a growing preponderance of British influence; and they held that some plan therefore was necessary for the protection of Dutch interests. Muntinghe had one plan, the N.H.M.; Du Bus another, capitalist production; and Van den Bosch a third, the culture system: the plans were different; but they were all alike in being attempts to control economic circumstances, and Van den Bosch succeeded where the others failed, because he had a closer grip of reality and was more thorough in his methods. The Liberals, no less than Van den Bosch, regarded the colony as a *bedrijf*, a business concern,

and in this matter they differed from him merely in admitting more shareholders; their new contribution to economic policy, however, was their contention that no plan was necessary, that, if all restrictions on enterprise and commerce were removed, the development of Java and the promotion of Dutch interests might be left to the play of economic forces.

But Dutch interests were divided. Like the Conservatives, so also the Liberals, and not least Van de Putte, believed in maintaining the *batig slot*, the surplus revenue available to spend in Europe. On the other hand, planters wanted schools for their children and subordinates, medical attention for their families and their coolies, irrigation for their fields, and railways for their produce; only the State could undertake such projects, and private interest demanded the expenditure of public funds on them to the prejudice of the *batig slot*. The tobacco planters in particular wanted to extend their cultivation on the borders of Achin, but depended on the State for protection against the Achinese.

At the same time new currents of opinion were gathering force. The rise and fall of Van de Putte led to a divergence between the practical, academic and humanitarian Liberals; moreover, his influence was not confined to his own party; he compelled his opponents to reconsider their principles, and the new Conservatism was none the less coloured by Liberal conceptions because it took shape as a reaction against Liberalism. Under the lead of Groen van Prinsterer and later of Dr Kuyper, Conservatives were feeling their way to a new policy, not merely anti-revolutionary and clerical, but constructive. Already in 1869 a Conservative protested that the Liberal illusions of "free cultivation, free labour and individual possession" implied in practice "handing over the Javan to his so-called European friends, and leaving them to balance their love for the native against their regard for their own pockets".[1] The new attitude was crystallized by Dr Kuyper in *Ons Program*, his Anti-Revolutionary Manifesto of 1880, as the doctrine of moral responsibility. This was a notable invention. Humanitarianism had long been a most valuable asset of Liberalism; but after 1870 humanitarians drifted away from the practical Liberals, and the doctrine of moral responsibility tempted them

to join the opposite camp. Moreover, when Van de Putte opened his attack on a system "grounded on injustice", he could appeal beyond humanitarians to the indifferent majority, powerful in numbers and therefore powerful in democracy, which inclines in favour of any good cause that does not touch its pockets; these also were attracted by *Ons Program*.

This conflict of interests and opinions found expression in a policy which "wavered between a desire to do something for India and a reluctance to spend money on it";[2] every year proposals in the Indian Budget for additional expenditure attracted particular interests, but the *batig slot*, the surplus, was a matter of general interest. The deadlock might have dragged on indefinitely had it not been for a new complication, the Achin War. During the 'seventies, for the first time since the establishment of Dutch dominion, the Outer Provinces, other than the Spice Islands, became a centre of interest.

3. *Political Relations with the Outer Provinces.*[3] In 1819, when Van der Capellen assumed charge as Governor-General, Dutch rule in the Outer Provinces was practically confined to the Moluccas; elsewhere it was merely nominal. For some years there was a succession of disturbances; in Saparua (1817), in Ceram (1823), in West Borneo (1818) and South Borneo (1825); in Celebes there was continual unrest. But the most serious trouble was in Sumatra. Here the Company had barely maintained a footing on the coast and had never penetrated inland further than a couple of hours' journey. The fall of the Company gave new strength to the *Padris*, fanatical Mahommedans, and on the restoration of Padang to the Dutch in May 1819 there was an outbreak, fomented, as the Dutch hold, by the English. Palembang also was an encumbered heritage. The English intervention in 1811, when Banka and Billiton were annexed, left two claimants to the throne, and in 1818 one of these sought English help. Although a detachment sent by Raffles (then in Benkulen) was captured and disarmed, disturbances continued until the introduction of direct rule in 1824. By the treaty of that year Malacca and some Dutch posts in continental India were exchanged for the British posts in Sumatra; the British surrendered their claims in Billiton and were confirmed in their occupation of Singapore. Thus by

1825 the Dutch were free of European rivals in Sumatra, and were secure in Palembang; but nowhere else in the Outer Provinces had any final settlement been reached, and the outbreak of the Java War in that year precluded further developments.

The profits of the Culture System depended on cheap labour, and the Outer Provinces were under-populated; so Van den Bosch concentrated on the intensive administration of Java with a deliberate neglect of the other possessions; "except", he said, "for Banda, Banka, and—before long, I flatter myself—Sumatra, they are all unprofitable burdens". Banda yielded nutmeg, Banka tin, and in West Sumatra he attempted to introduce compulsory cultivation. It was not until 1847, however, that conditions there were sufficiently quiet to allow the compulsory supply of coffee. In South Sumatra the Dutch position in the Lampongs (formerly subject to Bantam, and until 1829 part of the Residency of Bantam) was so weak that in 1846 the local commandant was warned merely to act on the defensive in the event of rebellion, and only in 1856 did the occupation become effective. In East Sumatra outbreaks at the tin mines led in 1850 to the introduction of direct rule in Banka, extended also to Riouw and Billiton; further up the East Coast, where Nienhuys had shown in 1863 that tobacco might be valuable, the administration was in large measure left to the planters acting in the name of native rulers. Thus by 1870 the greater part of Sumatra was, nominally at least, under Dutch administration; in the north, however, the Achinese still held out by virtue of their courage and the Treaty of 1824, in which the Dutch had agreed to recognize their independence. Outside Sumatra little progress had been made. Borneo was so neglected that a native chief, who was responsible for massacring a column of 35 men in 1831, still remained in power twenty years later, and the indignation aroused on the occupation of Sarawak by Rajah Brooke in 1841 soon relapsed into apathy, until a new disturbance in 1850 led to the subjection of West Borneo. For a time coal attracted attention to South Borneo, but the massacre of Banjermasin in 1859 discouraged enterprise in this region. Bali and Lombok were independent in all but name until 1841, and even by 1885 only a small part of Bali was effectively occupied. With regard to Celebes, although it yielded a

small supply of coffee, the opinion generally prevailing was that of Van den Bosch, that "the less one heard of it the better".[4]

Thus in 1870, outside Java, Dutch power in the archipelago "was represented merely by officials planted out as animated coats of arms (*levende wapenborden*) to warn off trespassers".[5] But something had to be done about Achin. With the growth of shipping the raids by Achinese pirates were becoming an intolerable nuisance, and the English Government was suggesting that, if the Dutch could not keep order, others might intervene. At the same time the Achinese were causing trouble on land by their pretensions, not it would seem unjustified, to suzerainty over the regions with the best tobacco plantations. In 1871, however, the Dutch were released from the restrictions imposed by the Treaty of 1824, and given a free hand to deal with Achin, which became more urgent when the Achinese sought protection from Italy and Turkey. In 1873 war was declared. But the difficulties were formidable, and the Dutch made little progress at great expense. This soon put an end to quarrels in the States-General about the disposal of the Indian surplus, because the surplus disappeared, and after 1877 no further contributions were made by India to the Netherlands.

4. *Land Policy*.[6] The Agrarian Law of 1870 added five clauses to Art. 62 of the Constitutional Regulation of 1854, which laid down the fundamental principles of land policy. It removed the difficulties in connection with grants, experienced under the Rules of 1856, by enabling capitalists to obtain from Government heritable leases (*erfpacht*) for periods up to 75 years; it removed the difficulties in connection with collective agreements, experienced under the Rules of 1838, by enabling capitalists to hire land from natives; at the same time it guaranteed the natives in possession of their existing customary rights over land, and made it possible for them to obtain rights of private ownership over land. In all these matters the Agrarian Law merely laid down principles, and the details were worked out in a series of Decrees and Ordinances.

The granting of concessions on *erfpacht* was dealt with in the Agrarian Decree (1870, S. 118) and supplementary Ordinances.

The Agrarian Decree for the first time gave legal form to the principle that all land not in private ownership is State land (*domein van den Staat*); this definition of State land covered land held by natives, and it therefore became necessary to distinguish between Free land, i.e. State land free of native rights, and Unfree land, i.e. State land subject to native rights. Under the Agrarian Decree which, with amendments in detail, is still in force, lands may be leased by Government to Dutch subjects, inhabitants of Netherlands or Netherlands India, or to companies registered in Netherlands India; no concession may exceed 500 bouw, but more than one lease may be granted to the same lessee; the rent (*canon*), payable after five years, normally ranges from f. 1 to f. 6 a bouw. Provision was also made for smaller concessions, but these are of less interest. The importance of these enactments was that they made it possible for a capitalist to obtain a large area of land for a long period on a title which could be used as a security for credit.

The hiring of land from natives was regulated by the Rent Ordinance of 1871. This allowed capitalists to hire land from natives subject to certain conditions, mainly regarding the term of lease, and the intervention of Government; for land held by natives on customary tenure the maximum period of hire was fixed at five years, and for land owned by natives as private property the maximum period was fixed at twenty years; and it was required that the contracts should be registered. This arrangement removed the difficulty under the old rules by which contracts could be made for services and produce, but not for land.

Thus the Agrarian Law and subsidiary enactments provided a solution for problems which had been pending since the hiring of villages was first deprecated in the Report of 1803, and gave capitalists access to land and labour, while providing safeguards for native rights. The spread of private enterprise, however, soon attracted attention to the impoverishment of the soil caused by deforestation owing to the general practice of shifting cultivation (*roofbouw*),* and in 1874 the Clearings Ordinance made an encroachment on village autonomy by transferring the

* Shifting cultivation (Malay, *ladang*; Bur. *taung-ya*) is, of course, quite distinct from the rotation of crops (*wisselbouw*).

power to allow new clearings of waste land from the village headman to a Government official.

While this legislation was proceeding native tenures were very imperfectly understood, though it was known that much of the land was held in communal possession. The Liberal policy of the "conversion" of native into European tenure was to grant to all occupants the right of private ownership; partly because communal occupation was regarded as an obstacle to good cultivation, but chiefly because this would help Europeans to secure land, as a man with a right of property in his land could convey it with a valid title. As already mentioned, the failure of Van de Putte to carry his Culture Law was followed in 1867 by an enquiry into tenures. The Commissioners compiled a questionnaire, in 27 chapters and filling 54 folio pages, which the unfortunate district officials had to answer so far as their knowledge and spare time from other work allowed. Although the enquiry was completed by 1870 the results were not yet available, and the Report, containing a mine of useful interesting information regarding land tenures and village life in almost all its aspects, was published in three volumes, appearing respectively in 1876, 1880 and 1896; thus it had little effect on policy. Lack of knowledge, however, did not hinder Van de Putte from trying to push through his scheme of converting native tenure into private ownership, or the Conservatives from trying to prevent it. On his return to power in 1872 he urged the Governor-General, Loudon, himself a Liberal, to take action, but Van Goltstein, the Conservative successor of Van de Putte, cabled orders that action was to be suspended, whereupon Loudon resigned, and in 1875 a Crown Ordinance (1875, S. 179) gave formal effect to the old tradition of Dutch rule against the alienation of native land to foreigners by directing that no such alienation should be legally effective, and this has ever since remained one of the basic principles of agrarian administration. But the principle of conversion made way even among Conservatives. In 1882 Van Goltstein, lagging behind the times, had to resign, and in 1885, under a Conservative Ministry, conversion was sanctioned by a Crown Ordinance. But the provisions for conversion disregarded native custom, so that the people took little advantage of the new privilege conferred

on them. There, after causing the resignation of a Governor-General and a Colonial Minister, the matter remained, and the cultivators solved the problem on their own lines.

5. *Labour Policy*.[7] Although experience showed that the land policy initiated in 1870 needed amendment for the better protection of native interests, the Agrarian Law of that year laid down once for all its general lines; the solution of the labour problem proved to be far more difficult. This problem had two aspects: the provision of labour, and the abolition of compulsory services.

There had always been trouble in obtaining labour and, under the Company, even ministers of religion did not scruple to own slaves as their domestic servants. But in 1815 slavery[8] had become a matter of conscience with Liberals, and Elout sought for guidance from Wilberforce; in the event, however, the Commissioners were content to prohibit the slave-trade and importation of slaves (RR. 1818, Arts. 113–14) and thus aimed at preventing the extension of slavery and limiting its abuses. A stronger line could be taken in 1854, and the Constitutional Regulation (Arts. 115–18) made the public sale of slaves illegal, provided for the abolition of slavery throughout Netherlands India from 1860, and prohibited debtor-bondage in Java, while leaving the Indian Government to extend this provision to the Outer Provinces when expedient. In 1859 it was decided to indemnify the owners of debtor-slaves in Java, and in 1872 steps were taken towards the gradual abolition of debtor-bondage throughout the archipelago.

Meanwhile slavery was giving way to an encroachment on personal liberty in a more modern guise. The Police Regulation for Surabaya in 1829 gave masters legal power over their servants by imposing a penalty on the non-observance of agreements, and by 1851 this penal sanction had been extended over most of Java and parts of the Outer Provinces. The Police Penal Regulation of 1872 replaced this by a clause penalizing the breach of an agreement to work, but protests in the States-General led to the repeal of this penal sanction in 1879. By this time, however, the problem of control over labour had assumed a new character; the centre of interest had shifted from domestic service to industrial production with imported

labour, especially in the tobacco plantations of East Sumatra, where thousands of Chinese coolies were employed. The argument that extraordinary circumstances cannot be dealt with under ordinary law was felt to carry weight, and in 1880 a Coolie Ordinance for the East Coast of Sumatra, followed by similar Ordinances for the rest of the Outer Provinces, gave employers effective legal control over their imported labourers.

The abolition of compulsory labour was a larger and more complex question. This fell under four heads: compulsory cultivation; compulsory services for native officials (*pantjendiensten*); for public works (*heerendiensten*), and for the village (*desadiensten*). The liability to labour depended on local custom; in Central Java, the Javanese area, the liability to labour was associated with the right to occupy land; in the Sundanese and Madurese areas in West and East Java the liability rested on the household, or was wholly individual. In 1854, however, the distinction between these various kinds of service and the nature of local variations were very imperfectly appreciated, and all kinds and varieties were regarded in general as "personal services". In the Constitutional Regulation (*Regeringsreglement*) of 1854 provision was made (Art. 56) for the regulation and gradual abolition of compulsory cultivation, and it was laid down (Art. 57) that personal services should be regulated severally for each residency (*gewest*) by the Governor-General. At the same time, although it was understood that personal services were bound up with village institutions, villages were guaranteed autonomy in their local affairs (Art. 71), and the regulation of compulsory labour thereby made more difficult. Thus from the outset the practical difficulties in abolishing compulsory labour were enhanced by inconsistency in the law providing for its abolition.

The practical difficulties in themselves were formidable; they were mainly of three kinds. Planters hoped for a larger supply of labour if villagers were relieved of their obligations to the State; but on the other hand they feared that the State, after replacing compulsory labour by free labour, would compete for labour with private enterprise and raise the pitch of wages. Secondly, payment for labour by the State would require an

increase of revenue, with heavier taxes imposing new burdens on industry. Thirdly, the State obtained its labour by pressure exercised through village officers; but so, likewise, did the planters, and, if headmen could no longer recruit labour for the State, they might be unable to do so for private enterprise. Liberal theory provided arguments on both sides. The policy of *laisser-faire* justified Government in leaving the village to manage its own affairs, but that was fatal to the liberty of the villagers as individuals; on the other hand Government could not promote individual liberty except by abandoning the policy of *laisser-faire* in regard to the village. It was only by degrees that all these difficulties could be solved, and some of them proved to be insoluble on the principles of Liberalism. Although during the 'sixties, the rapid succession of measures, by which State cultivation was abandoned for one crop after another, had symbolic importance as demonstrating a change of principle, it did not mean very much in practice, because the area cultivated with these crops for the State was insignificant; but in 1870 the Sugar Law seemed to herald the final extinction of State cultivation. In 1875 a Committee recommended that all compulsory cultivation should be abolished; but by this time it was beginning to appear that the Sugar Law had benefited planters rather than the cultivators or the State, and the enthusiasm for free cultivation was waning. Before long the troubles in Achin deplenished the Treasury; it was impossible to sacrifice revenue, and in 1884 even Van de Putte had to admit that he could suggest no alternative for the revenue from the State cultivation of coffee without imposing still greater burdens. In these circumstances a Resolution of the Second Chamber in 1888 that the compulsory cultivation of coffee should be abandoned, although noteworthy as indicating that Parliament had definitely adopted free cultivation as a principle, remained without practical effect. Van de Putte, however, adopted a policy of raising the wages for compulsory cultivation; this reduced the profits from coffee, and the revenue from that source became gradually of less importance until in 1915 the repeal of Art. 56 of the Regulation of 1854 brought State cultivation for profit to an end in 1918–19.

In the matter of compulsory labour, other than in cultivation,

the first matter to receive attention was the abolition of compulsory services to officials (*pantjendiensten*).[9] These services were not arduous, as they consisted for the most part in cleaning up the compound, cutting grass, and fetching water or fuel; but they were burdensome, because requisitioned daily. Even in respect of services under this head nothing was attempted until 1866, when the Governor-General, in consultation with Vaṅ de Putte, published a decree, raising the pay of officials and at the same time depriving them of their powers over the land, labour and property of the people; but in the same year, on the succession of Mijer, this order was suspended. Further attacks on the system by Van de Putte in 1867 and 1874 led to some alleviation of the services. But, with the development of the country, opinion was moving towards the substitution of paid for compulsory labour on important public works, and, with a view to providing funds for this purpose, the Governor-General suggested in 1881 that a tax of f. 1 per head on all those liable to render compulsory services to officials would suffice to commute them and leave a balance, which he estimated at f. 800,000, available for the payment of free labour on public works. His proposal was accepted in 1882, when all compulsory services to native officials, other than village officers, were abolished, and in lieu of them a Capitation Tax (*hoofdgeld*) was imposed.

At that time the practice of hiring labour for important works had long been making headway, because the employment of compulsory labour as *heerendiensten* was coming to be recognized as false economy.[10] A story,[11] possibly *ben trovato*, tells of a Resident who constructed a dam across a river by requiring every one liable to service in the Residency to throw down one stone. The first use of paid coolie labour by Government was on the harbour and defence works of Surabaya in 1849, and this proved so satisfactory that in 1851 orders were given for all Government buildings to be constructed with paid labour. In 1854 a Public Works Department was constituted, and in 1857 it was laid down that paid labour should be used on all Government works "in the absence of express orders to the contrary". Irrigation, however, was still left to local officers, and the works were sometimes on so large a scale that 100,000

days of compulsory labour might be used on a single canal. But in 1885 a special "Irrigation Brigade" was constituted, and the employment of compulsory labour on large irrigation works was forbidden.

Despite the growing use of paid labour, the development of the country, with an increase of production, and a demand for better communications between the plantations and the factories and between the factories and the coast, led to a constantly increasing burden of compulsory labour. A Report of 1863 states that "in many residencies the labour power of those liable to compulsory service is scandalously abused".[12] With the more rapid development after 1870 matters grew worse. At that time Residents had limited powers to apply public revenue to local objects, but when some made free use of their discretion they were promptly checked.[13] Any such diversion of funds prejudiced the *batig slot*, and officers were left with the choice of being censured for slackness or getting work done by compulsory labour. It was with a view to relieving them of this dilemma that a capitation tax was introduced in 1882.

The introduction of the capitation tax changed the situation with regard to compulsory services. The Constitutional Regulation of 1854 had laid down (Art. 57) that the "personal services" should be regulated "in each residency"; but up to 1882 this had not been done. The *heerendiensten* had been regulated by a *general* ordinance for all residencies, and the village services had been left unregulated. The capitation tax, however, was to be assessed and distributed locally, and it therefore became urgent to take action under Art. 57, now nearly thirty years overdue, by providing for the regulation of compulsory services in each Residency; moreover, it soon appeared that no one knew who was liable to render service, or where the distinction lay between the services which were to be regulated under Art. 57, and those with which interference was forbidden, under Art. 71, as matters for the village. An enquiry into compulsory services on public works (*heerendiensten*) was therefore instituted in 1885. While this was pending a new development made a decision still more urgent. The balance yielded by the capitation tax over the allowances to officers made out of the proceeds, originally estimated at

f. 800,000, ran into millions, and this, instead of, as originally contemplated, being allocated locally, was being treated by Government as part of the general revenue; but in 1887 protests in the States-General led in the following year to the appropriation of f. 2 million for the relief of *heerendiensten*. Doubts were still expressed whether the regulation of *heerendiensten* did not encroach on village autonomy; but opinion was moving in the direction of interference in village affairs, and in 1889 the Colonial Minister settled the question by deciding that the guarantee of autonomy in Art. 71 did not cover compulsory services for the State. "This marked a breach with the policy of abstaining from interference in village life and was the first step on a territory hitherto regarded as forbidden."[14] In the same year the first effective set of local regulations was published, and by 1893 similar regulations had been published for all residencies; thus, after forty years, effect was given to the provisions of Art. 57 of the Constitutional Regulation of 1854.

The services to which villagers were still liable after the abolition of *pantjendiensten* in 1882 fell under fifteen heads, mostly relating to watch and ward.[15] By 1886 most of these had been abolished, but there still remained the construction and maintenance of post roads and minor roads, and of dams, ditches and waterways, and the maintenance of a watch in village watchposts and on waterworks; in addition to these the people were still liable for village services (*desadiensten*). Fokkens, who conducted the enquiry into *heerendiensten*, reported that the services already bought off might be valued at f. 3·7 million and that f. 3·6 million would suffice to buy off the remainder. Fears were entertained that payment for labour by Government might raise wages, but he suggested that if Government confined its demand for labour to seasons when the people were not occupied in their fields or in the plantations "there would be no need to fear any competition with private enterprise and therefore no fear of driving up wages".[16] With a view to hastening the process, villages were permitted from 1890 onwards to buy off their liabilities for a period of five years on payment of an agreed amount; in 1902, however, it was decided to remit the outstanding *heerendiensten* without compensation.

The villagers still remained liable to village services, *desadiensten*.[17] With the abolition of *heerendiensten*, complaints soon arose that officers were requiring the people to undertake as village services works which would formerly have been regarded as *heerendiensten*; in some cases roads were re-classified as village paths, and people were required to lay down gravel on village cart tracks which were used for carting estate produce. It would seem that such practices were infrequent; but the demand of planters for better communications was becoming more insistent, and funds were very limited, so that officers were still tempted to find excuses for using compulsory labour. The complaints led to a demand for the abolition of village services; but no action was taken until 1903, when Liberalism had spent its force, and new considerations swayed the policy of Government.

6. *Administrative Policy*.[18] The Constitutional Regulation of 1854 inaugurated, as already noticed, "an era of legality", the rule of law.[19] Under Crown rule every officer vested with authority by Government had been regarded as empowered, in virtue of that authority and without legal process, to impose minor penalties for contraventions of his orders or for any conduct which he thought improper; but the Constitutional Regulation of 1854 expressly provided (Art. 88) that "no one shall be prosecuted or convicted otherwise than in such cases and by such procedure as shall be laid down by general rules".

The reform of judicial administration in 1848 still left natives subject to the jurisdiction of the Resident in his disposal of cases on the Police Roll, a register in which charges of petty offences against public order and other minor counts came before him to be dealt with summarily in his administrative capacity, as a police officer rather than as a magistrate.[20] A contemporary lawyer, Piepers, gives an account of the system. The Police Roll, he says, hung over the Natives "like the buzzing of a mosquito"; for any act or omission which was regarded as improper or forbidden, a man might find himself included in the Police Roll, and in disposing of the case there was no question of judicial competence, as every one in authority had as much power as he liked to assume; one of the usual penalties

was caning, "a punishment excellent in many ways, but in the hand of an unscrupulous magistrate dispensing or violating, justice, a grievous instrument of torture"; and he cites instances to show that, so late as 1867, one could still find culprits sentenced to an asylum for insanity or to a hospital for dysentery. This account is doubtless coloured by legal jealousy of executive authority, which is not unknown in British India, but there was obviously room for administrative extravagance in a system on which arbitrary punishment was permitted, and cognizance could be taken of offences which were not strictly defined. The legislation of 1848 did something to regularize procedure, but there was no Penal Code until one was promulgated for Europeans in 1866. In the same year caning was abolished. But, according to Piepers, over the greater part of the interior the quasi-municipal regulations adopted for Surabaya in 1829 were still better known to most officers than the legislation of 1848. In 1872, however, natives were provided with a separate Penal Code and Criminal Procedure Code, and "henceforth there was dualism along the whole line of material and formal, penal and private law".[21]

The new Penal Code was of monumental dimensions, embracing much that in British India one would find in separate enactments, the Municipal Act, the Village Act, Excise Act and so on, as well as many offences which in British India would be regarded as too insignificant to be resented by any person "of ordinary sense and temper", and the student, looking through it, may wonder what it omitted that could previously have been considered an offence. Although this legislation imposed restrictions on the Resident, the Regents still retained their discretionary powers until 1910. It is true that the magisterial powers of the Regents and other native officers were very limited and such as, in British India, might be conferred on a village headman; yet, in the exercise of their powers they were not closely bound by law. It was by very slow degrees, therefore, that the principle of the rule of law became effective.

Bound up with the idea of the rule of law was that of making a sharp distinction between the judiciary and the executive, which has always been a favourite dogma of Liberalism. Under

Crown rule the *Landraad* consisted of a bench of Regents with the Resident as Chairman, so that the whole bench had a strong executive bias. In 1869, however, Government accepted the principle that the Resident should be replaced as Chairman by a lawyer, and in 1874 this principle was extended to the Outer Provinces; at the same time measures were taken to replace the Regents by pensioned civil servants who would presumably be more impartial. But the process of substituting a lawyer for an executive officer as Chairman was so gradual that in 1900 it was still incomplete, even in Java.

The strongest advocates of the rule of law did not contemplate a reduction of the functions of Government to the maintenance of law and order. On the contrary, one effect of the Constitutional Regulation of 1854 was to enlarge the activities of Government. We have noticed (p. 157) that provision was made for separate departments to deal with "the divers functions of general civil government". At first the significance of this clause seems to have escaped attention, for the new departments created in 1855 dealt with Finances; Means and Estates; Produce and Warehouses; Government Cultivation and Civil Public Works. In 1866, however, when a reorganization became necessary in connection with the new Accounts Law, provision was made for four departments charged respectively with Internal Administration; Education, Religion and Industry; Civil Public Works; and Finance. In 1870 the new importance of judicial administration found expression in the establishment of a Department of Justice.

Despite the extension of Government responsibilities and functions, some time elapsed before there was any recognition that this entailed changes in the character and work of Government officials and, in fact, such changes as took place were rather the outcome of circumstances than deliberate. The Constitutional Regulation required (Arts. 68, 69) that new Instructions should be framed for European and native officers. Hitherto the Residents had been working under the Instructions of 1819 (ISB. No. 16) and the Regents under the Instructions of 1820 (ISB. No. 22); the new Instructions, drawn up in 1859 and published in a Circular in 1867 (ISB. No. 114) were in the main a rearrangement of the earlier Instructions, to the same

general effect, and often in the same words, though in much greater detail. The Resident was directed, so far as possible to work through "the appointed or recognized native heads", but the precautions to be taken against an abuse of their authority by native heads were far more elaborate; he was required to supervise and relieve the burden of compulsory labour; to pay special attention to the planting of food crops; to encourage the foundation of schools for natives "in accordance with their requirements"; to induce his subordinates to study native languages and undertake scientific enquiries; and to instil among native officers a desire to advance in civilization. Regents were required, as before, to exercise a close supervision over cultivation, but a new instruction required them also to scrutinize agreements between native cultivators and European planters; other notable instructions directed them to prevent encroachments on village autonomy, to supervise native schools, to maintain a register of native priests so that no one should assume an ecclesiastical title without due authority, and to discourage begging and see to the making of provision for the aged. These latter items are of interest as indicating that the Regent was expected to foster activities which, in a purely native society, would flourish without artificial encouragement, but, in a native society exposed to Western influences, are only too liable to decay; and they illustrate the minute attention to the preservation of the native social order which, at least since the time of Van den Bosch, has been one of the fixed principles of Dutch colonial policy.

From these Instructions it will appear that Government did not contemplate the transformation of the Civil Service into a body of officials chiefly concerned with the maintenance of law and order; on the contrary one effect of the new legislation was to abolish or restrict the magisterial powers of administrative officers, but they remained "police officers", instruments of policy, and as police officers still exercised authority with little regard to legal formalities. Nevertheless, a combination of circumstances tended inevitably to convert them from men having authority to men under authority. Chief among these, probably, was the gradual permeation of all classes with the idea of the rule of law. Another factor was the constitution of Depart-

mental Directors, giving the Resident, as it was said, five masters instead of one. Third, and more directly effective, was the substitution of paid for compulsory labour; whether a few hundred coolies more or less were called up for compulsory labour on roads or other public works mattered little to any one, but as soon as payment was made for labour it appeared in the accounts and had to be explained. It is sometimes suggested that the Accounts Law worked in the same direction by bringing all payments to the notice of Parliament; but, as payments were minutely scrutinized and often disallowed by the Colonial Minister under Crown rule, it is very doubtful whether the Accounts Law in itself contributed much to the centralization of authority. The improvement of communications, however, was certainly a matter which tended to restrict the autonomy of local officers.

One illustration of the tendency for the Civil Service to assume a more official character may be found in its expansion and subsequent reorganization along more efficient lines. Between 1830 and 1870 the number of Assistant Residents was doubled, rising from 30 to about 60; and in 1874 Van de Putte completely reorganized the administrative machinery, which had hitherto developed more or less haphazard. Each Residency was partitioned into Divisions (*Afdeelingen*) corresponding with the Regencies; at the head of each Division there was an Assistant Resident or, in a few cases, a Controleur, and each Assistant Resident was ordinarily given the help of a Controleur. But the chief feature of the reorganization was the further subdivision of the Regency. Raffles had constituted Districts (or, as he termed them, Divisions); but these were for the most part units already existing under native rule. Between the district heads and village heads there were often intermediate headmen, but the districts were divided unsystematically or not at all. Van de Putte changed all this by a systematic arrangement of subdistricts, or circles, each of about fifteen villages, under a subdistrict officer. A further innovation threatened the standing of the Regent. Many of these had long had the assistance of a special officer, the Patih. It is significant of the new importance of the Patih that in 1874 one was appointed to each Regent, and to every *afdeeling* where there was no Regent. At the same time

the district officers (*Wedāna*) and sub-district officers (*Adsistent-Wedāna*) were graded into classes. These reforms laid the foundations of a regular Native Civil Service, not quasi-hereditary and rooted in the soil, but ordinary Government officials. Even the Regent himself was coming, as shown below, to be regarded as an official rather than as an hereditary noble. Thus a new ideal of administrative efficiency undermined the principle of hereditary authority, which had been the key-note of Dutch rule under Van den Bosch. In 1900 (ISB. 220) the position of the Patih was regularized, and he became the official deputy of the Regent; but "in many regencies it was he who did nearly all the regent's work and to him the duties of the regent were in great part relegated",[22] so that the Regent tended to become an ornament rather than an organ of Government.

Meanwhile, the daily routine of official life was assuming a new character. In 1866 the European officials had lost their culture percentages, and their relations with the new Departmental Directors entailed an increase of correspondence and office work; but a far greater change was that consequent on the development of European enterprise. An enquiry had to be made into every application for a concession, and it would seem from the Colonial Reports that almost as many were refused as granted; and every concession led to new inroads on their time in connection with the questions constantly arising in the working of it, difficulties relating to the supply of labour, the supply of water, the carting of produce, mischief, petty theft and so on. Thus the affairs of the planters increasingly engaged the time and attention of the Resident, so that, as the European population increased, the Resident came to represent Government to the Europeans much as the Regents represented Government to the natives, and the dual character of society and administration became more pronounced.

The Regent still remained the "younger brother" of the Resident, or, rather, of the Assistant Resident. But he, likewise, came to occupy a new position. As noticed above, the growing importance of the Native Civil Service tended to relegate him to the background. This was to some extent a deliberate policy. Van den Bosch had emphasized his hereditary character, but the intention of the Legislature in 1854, says Winkler,[23] "was to

regard him wholly as an official". The oppression exercised by the Regents was the burden of *Max Havelaar*, and the restriction of arbitrary powers was one of the favourite catchwords of Liberalism. It was in accordance with this tendency that the Regent was deprived of his culture percentages, then in 1867 of the lands that he had held as an appanage of office, and finally in 1882 of the rights that he had enjoyed to command the personal services (*pantjendiensten*) of his people. Thus, during the Liberal period, the Regent was not only pushed into the background by the Patih and the creation of a native Civil Service, but he himself tended to become more of an official and less of a squire or hereditary dignitary.

No official, however, European or native, underwent so great a change in his position and functions as the Controleur. In 1818 (ISB. 49) the Commissioners had appointed Controleurs to be Inspectors of Land Revenue (*Opzieners der landelijke inkomsten*), charging them also with the supervision of the State Coffee Plantations; but, with the introduction of compulsory cultivation under the Culture System, they acquired a new importance as the chief European agent of Government in this matter. Their new duties brought them into close contact with the people, but any inclination to be sympathetic with the people was sharply repressed; Baud would not allow "the tender feelings of a few young gentlemen" (*het gerief van eenige Heeren Kontroleurs*)[24] to affect the profits of the Culture System. Then, from 1850 onwards, when Government addressed itself to the removal of abuses, the task of the Controleurs became more grateful, and the sphere of their activities grew wider. At various times, notably in 1837,[25] functions had been allotted to them, and in 1855, when these orders were collected and revised, the Controleurs were charged generally to cultivate intimate relations with the people, and especially with the native heads, with a view to promoting the welfare of Java and the Netherlands. But in 1872 their new position was marked by orders incorporating them in the Civil Service, and there arose the question of providing them with new instructions. The course adopted furnished a good illustration of the strange reluctance of the Dutch to delegate authority. The Assistant Resident, it was argued, as representative of the Resident, is

responsible for all matters within his charge; if specific functions are allotted to the Controleur, the Assistant Resident may think that he is no longer responsible in such matters. The Controleur was to have no independence and no authority; and it was decided therefore that no official instructions should be published for his guidance. An outline of his duties, however, was given in a demi-official Manual,[26] published in 1878 with the approval of Government. On the one hand he was to act strictly under the orders of the Assistant Resident, and furnish him with all information that was likely to prove useful. On the other hand he was to aim at being "the natural friend and adviser" of the native officials, to keep in close touch with all local notabilities and their family relationships, and especially to attend all the monthly *vergaderingen* held by the Regents and their subordinate district officers, where he could represent the views of Government and hear those of the people. He was also to use his influence in preventing arbitrary conduct and, "without going so far as to instigate complaints", was to lend a ready ear to requests for advice and information, and try to smooth away all difficulties. In no case and under no conditions was he to be charged with financial or material control, nor could he exercise any magisterial or police authority. In such a position, constantly on tour, and mixing freely with the people not as magistrate, policeman or tax-collector, but as confidential friend of all the world, every young European civilian spent the first dozen years or more of his service. Thus the rough coffee-sergeant of the Company became by gradual evolution the pivot on which the Dutch administrative system turned, a liaison officer between East and West; and this, despite the growth of office work and other recent changes, is still his character. It is difficult to imagine more interesting work or a better training for the higher tasks of responsible administration in a tropical dependency.

Yet all these changes in the character and functions of officials, European and native, were in fact merely superficial manifestations of one fundamental change in their position; the change of masters. The supreme authority was no longer the Crown, but the party with a majority in Parliament. Under Baud, officials who might wish to alleviate the rigours of the

Culture System found little sympathy; under the Liberal régime, officers could not, even if they would, do much to stem the current of exploitation by private enterprise. They had a new master and they were new men. The changes in the administrative machinery were comparatively of small importance; what did matter was the change in the spirit by which the machinery was directed.

7. *Economic Progress: (a) Agricultural Enterprise.* The opening of the Suez Canal and the adoption of the new agrarian policy were followed, after a very brief drag, by an increase in production like the increase in the first years of the Culture System. Native production was little affected by the changes. The native population of Java was doubled between 1815 and 1845, and again in the next thirty years, but grew only about 50 per cent. between 1880 and 1900, from 19·54 to 28·38 million; during the same period, 1880–1900, the area under native cultivation rose from 2·85 to 4·04 million bouw.[27] From 1885 an Irrigation Service was at work, but in 1900, according to the official returns, the increase in the area of irrigated riceland was rather less than 100,000 bouw. These figures are not very trustworthy; but they suggest a decline in the rate of growth of the population, and support the view of Van Deventer[28] that the production of food crops did not even keep pace with the slower increase of the people. On the other hand, as Du Bus had prophesied, production for export under capitalist enterprise went ahead of the increase of the population "with giant strides". Lands cultivated for the State were made over to planters; leases under the Rules of 1856 were replaced by concessions on *erfpacht*, allowing a freer use of capital for their development, and many new concessions on *erfpacht* were granted; at the same time many planters were profiting by the Rent Ordinance of 1871 to rent land from cultivators. Sugar was the chief spur to this busy enterprise. The new access to capital made it possible to import machinery and improve production, and between 1882 and 1884 alone eighteen new factories were built, so that between 1870 and 1885 the production rose from 152 to 380 thousand metric tons. Meanwhile, the production of coffee in Java more than held its own; between 1881 and 1884 the average output of Government

coffee exceeded a million pikols, as high a figure as in the best years of the Culture System, and the average output of private coffee exceeded a quarter of a million. There was also a great rise in the production of tobacco. Thus the period between 1870 and 1885 brought affluence to the planter.

But there was already a coming shadow of lean years. In 1878 coffee disease made its appearance, and in 1882 cane-disease (*sereh*) was first detected in the sugar plantations. Far more serious, however, was a sudden fall of prices, which threatened a total breakdown of the whole economic system. Between 1877 and 1883 the price of coffee fell from f. 60 to f. 30–35 per pikol; and there was a still more disastrous fall in the price of sugar. Java owed its prosperity not so much to Liberal legislation as to the Suez Canal; but the improvement in communications had further reactions, when grain from America turned the attention of cultivators in Europe to beet-sugar, and undermined the source of Java's wealth. Some European countries encouraged the growing of beet by bounties, and the price of No. 14 sugar, which in 1877 touched f. 19 a pikol, dropped as low as f. 13·5 in 1883. Few planters could produce much No. 14 sugar, and the price for poorer qualities was barely remunerative. By the harvest of 1884 the price of No. 14 sugar had fallen to f. 9, and the planters could no longer pay their way. This sudden fall of prices put merchants who had bought forward in a difficult position, and at the same time the failure of the Oriental Bank in British India caused a run on the banks in Java.

(*b*) *The Financing of Production*.[29] From the outset plantation finance had been conducted on unsound lines, and after 1870 the credit institutions grew still more imprudent. As already mentioned, the new demand for capital after 1850 led to a development of banking, especially in 1863, when three new banks were founded to supply Java with credit. By this time, however, the wave of economic progress, due to the first impact of Liberalism in 1850, was subsiding; banking profits were small and losses frequent, and in 1873 one of the new institutions, the Rotterdamsche Bank, withdrew from Java, where it had never opened a branch, though most of its business had lain there. Then the opening of the Suez Canal started the

second wave of progress, and the remaining banks made large profits which soon attracted competitors. In 1878 the Handelsvereeniging was founded with a capital of f. 1·25 million, and in 1881 the Koloniale Bank, with a capital of f. 0·5 million. These, like the Handelsbank and Internationale, were Culture Banks, specializing in the financing of plantations. Another institution of similar character was Dorrepaal Co., with most of its business in the Native States. In 1880 the Hongkong and Shanghai Banking Corporation opened a branch in Batavia but, like the Chartered Bank, instead of financing agriculture in the manner of the Culture Banks, it confined itself to sound banking on conservative lines. Meanwhile, the Culture Banks were making rapid progress, and the commitments of these institutions in 1884, apart from the N.H.M., are summarized below.

Enterprises financed by the Chief Financial Institutions in 1884[30]

Bank	No. of plantations, etc. financed			
	Sugar	Coffee	Others	Total
N.-I. Handelsbank	29	20	4	53
Int. Cred. Vereeniging	12	20	—	32
Koloniale Bank	9	17	12	38
Dorrepaal Co.	22	38	53	113
Handelsvereeniging	4	2	1	7

At that time the Netherlands were still so backward in regard to modern commercial enterprise that little was understood of modern banking or of the snares of long-term credit, such as was needed for the financing of plantations. The whole business was conducted on the most risky lines. The planters took no care to secure themselves by forming limited companies, and the banks, under the press of competition, advanced money freely with inadequate security, and multiplied their risks by discounting their own bills, "buying pigs to be paid for out of pork". Except in the two English banks this "pig on pork paper" found a ready market, and the sudden fall of prices threatened general bankruptcy.

Two institutions, however, were in a sound position and able to give help, the N.H.M. and the Java Bank. The N.H.M., the

first of the Culture Banks, still had relations of some importance with the planters, but since 1880, either fortuitously or by prevision, it had been withdrawing from this class of business and taking to banking proper; its investments in agricultural enterprises which amounted to f. 11·9 million in 1880 fell to f. 7·5 in 1882, and thus it had large liquid assets. The Java Bank also was in a strong position; in earlier times of stress it had been unable to give much help because of the limit imposed by Government on its issue of notes; in 1875, however, it had been given full discretion to issue notes, provided that it maintained a cover of 40 per cent. in specie or bullion; and it was therefore able to meet the crisis. In June 1884 it lent f. 1·5 million to the N.-I. Handelsbank and f. 2·5 million to the Int. Crediet Vereeniging; in November, the Koloniale Bank applied for help but had to suspend payment before this could be granted, and within a week the Dorrepaal Co. failed, threatening the position of the N.-I. Handelsbank, which was one of its chief creditors. The Handelsvereeniging Amsterdam, with comparatively small commitments, managed to weather the storm, and, with the help of the Java Bank, the N.H.M. and some financiers in the Netherlands, the other banks were saved from total wreck. The Internationale raised debentures; the Koloniale effected reconstruction; the N.-I. Handelsbank was taken over by a new company, the N.-I. Landbouw Mij.; and Dorrepaal Co. was converted into the Dorrepaalsche Bank, which, however, had to be reconstructed again in 1887 as the Cultuur Mij. der Vorstenlanden. The general effect of all these reconstructions was to place f. 30 to f. 35 million of new capital from the Netherlands at the disposal of the credit institutions in India.

This crisis had far-reaching effects; it led the way, not only to better production and sounder finance, but also to a complete reorganization of the economic structure of society in Java. Before the crisis the planter was a wealthy aristocrat, the owner of his estate, and each Culture Bank was an autonomous institution. After the crisis the enterprises were reconstituted as limited companies, and the private individual owner, responsible only to himself, gave place to a salaried manager, responsible to the directors of the company. The Culture Banks continued to finance these enterprises, but, whereas their relations with

them had formerly been purely commercial, now they insisted on control; from among the most competent plantation managers they selected men who could give advice not merely regarding loans, but also as to the conduct of cultivation and business. They were thus able to insist on improvements in the technique and economy of production and on a common sales policy, and "formed the corner-stone of economic progress".[31] Further, the Culture Banks themselves were no longer autonomous; they became linked up with normal banking institutions with headquarters in the Netherlands, which would not countenance the "pig on pork" system of raising money. Thus private enterprise and free competition, the principles of Liberalism, gave way to combination and common direction; the economic structure of society was no longer individualist but definitely capitalist, with its centre of gravity no longer in Java but in the Netherlands. This gave new power over India to the Parliament in the Netherlands, but at the same time gave a new turn to Indian affairs in Parliament; in 1870 the planting interest had dominated Indian policy, after the crisis of 1885 Indian policy was dominated by the financial interests of capitalists.

(*c*) *Improvements in Production: Irrigation.*[32] One effect of the crisis was to attract attention to the need for better irrigation. This subject had come under consideration with the first development of capitalist enterprise, and in 1871 a Committee had been appointed to deal with it. But at that time the planters were making easy money and, as Parliament was reluctant to encroach on the *batig slot*, nothing was done. After the crisis one of the first steps towards the restoration of prosperity was the formation in 1885 of an "Irrigation Brigade", which was soon taken over by the Public Works Department; in 1889 a special Irrigation Department was constituted, and in 1890 an ambitious programme was sanctioned.

Organization. Government irrigation helped the people, but it also helped the planters. The planters, however, were not merely waiting on Government for help. The concentration of control rendered possible a common policy, and the sugar factories combined to establish experimental stations. In the first instance there were three separate stations, but one of these soon disappeared, and the two others were amalgamated under

a single direction so that each could specialize on different types of problems. Subsequently, in 1895, a second crisis led to the formation of a General Syndicate of Sugar Manufacturers to promote the general interests of the industry.

Technique. One outcome of this common policy in the production of sugar was a notable improvement in technique. The value of fertilizers imported rose from f. 335 thousand in 1885 to over f. 2 million in 1890 and to f. 5·45 million in 1900. At the same time the factories were fitted with new and costly machinery. The hand-presses of early days had given way to steam plants under the Culture System, but in the 'eighties these were out of date, and manufacturers spent large sums on replacing them. In 1891 it was noted as a sign of remarkable progress that during the previous seven years imports of machinery, mostly for the production of sugar, had been worth f. 3 million, but they soon far exceeded that figure, and in 1900 the imports of sugar machinery alone reached a value of f. 3·89 million.

The results were soon apparent in the output of sugar. Whereas in 1870 the area under sugar had been 54,176 bouw, yielding 50 pikol per bouw, by 1900 the area had risen to 128,301 bouw, yielding about 100 pikol per bouw; the total output rose from 380 thousand metric tons in 1885 to 744 thousand in 1900, despite an outbreak of root disease in 1896. Moreover the export statistics (p. 207) show that the improvements in technique enabled the manufacturers to hold their own, and even to make rapid progress, although encountering a steady fall in prices.

At the same time coffee planters were fighting a still more difficult battle against coffee disease. When this attacked *Caffea arabica* from 1878 onwards, they turned to *C. liberica*, which withstood the disease for some years; then, during the 'nineties, when this in turn succumbed, *C. robusta*, newly discovered in the Belgian Congo, was imported. The State cultivation of coffee fell off because, on Van de Putte's policy of paying market wages for compulsory labour, the crop was profitable only on the better soils; but the production of private coffee in Java, despite large annual fluctuations, rose from 153 thousand pikol in 1870 to 412 thousand in 1900.

The crisis of 1885 was indirectly beneficial in still another direction, for it turned the attention of planters to new crops;

and the success of expert cultivation in respect of sugar encouraged the application of scientific methods to other forms of cultivation. In 1879 the number of steam plants used in industry apart from sugar was only 206, but by 1900 it rose to 1181. The figures for exports bear witness to the results, as they show that in 1870 the value of coffee and sugar exported, amounting to f. 76 million, represented nearly 75 per cent. of the total value, whereas in 1900, although the value of coffee and sugar exported had risen to f. 108 million, it represented only about 40 per cent. of the total value of exports. Thus the crisis of 1885, disastrous as it then seemed, was the immediate cause of the development of scientific cultivation in Java, and was also instrumental in directing attention to the rich variety of tropical produce which Van den Bosch had done so much to introduce.

(*d*) *Forests*.[33] One element of the material wealth of Java was its teak. Van den Bosch never seems to have appreciated the full value of the forests, but in 1849 two German forestry experts were recruited, and in 1857 the appointment of four Dutch officers laid the foundations of a Forest Service. At that time the forests were still worked by compulsory labour for the State, but in 1860 one Commission was appointed to devise a new system of exploiting the forests and another to survey them, and in 1865 a Forest Regulation, drafted under Liberal influences, laid down that the teak forests should be exploited by private enterprise. By 1870 thirteen European timber firms were at work, and the great demand for building in the new factories and plantations led to such a rapid expansion of the industry that by 1880 the number of firms had risen to thirty-six, of which no less than twelve were owned by Chinese; the timber firms, like the plantations, were largely financed with borrowed capital, and many had already been transferred to financial institutions.

These firms worked teak. By this time, however, another aspect of forestry had come to the front. As already mentioned, the rapid denudation of the hill-sides led in 1874 to a Clearings Ordinance, and the policy of restricting clearing demanded close attention to the conservation of jungle woods. The Forest Regulation was therefore amended in 1875 to meet the new

situation, and in 1879 there was constituted a large Forest Service, with an Inspector-General, thirteen Divisional Forest Officers and a staff of Foresters and Rangers. This gave a new turn to the problem of working the teak forests. A long controversy ensued between the advocates of State and private exploitation. In 1894 surveys were undertaken and working plans drawn up with a view to regulating extraction on more scientific methods, and in 1897, when the reaction against Liberalism was already gathering force, a new Forest Regulation provided for the gradual supersession of private enterprise by State management.

(*e*) *Mines*.[34] The exploitation of mineral wealth under Liberalism followed a rather similar course; in the mines, as in the forests, Government endeavoured to stimulate private enterprise, and in both with unsatisfactory results which led to a reaction in favour of State enterprise. But the earlier history of the mines and forests differed; as minerals, or at least tin, had long been produced for export. The tin of Banka first became known to the Dutch in 1710, and from 1717 small quantities were sent to Europe; but it was not until 1755 that the East India Company entered into a contract for regular supplies by the Sultan of Palembang, within whose territory Banka lay. For some years the exports exceeded 20,000 pikol (1250 tons); but there was little system, and much of the produce went to smugglers and pirates, especially after the fall of the Company. Raffles put matters on a new footing by taking over Banka, and introducing State control; and the production grew rapidly on the foundations which he laid. Banka was one of the few tracts in the Outer Provinces which Van den Bosch did not neglect, and during the closing years of the Culture System the annual production exceeded 60,000 pikol.

Then, in 1850, the Liberal enthusiasm for private enterprise found expression in a Decree embodying regulations which were intended to encourage the capitalist exploitation of mineral wealth, and a mining survey was inaugurated by the appointment of four mining engineers. They reported favourably on many sites, but Dutch capitalists were not yet willing to risk their money in Java, except to a limited extent in planting, and it was only by his personal influence that Prince Henry, a son

of William, contrived the formation of a company to work tin in Billiton. In 1852 this company was granted a concession for forty years on such favourable terms that, on an original capital of f. 5 million, reduced gradually to f. 1 million, the net profits over the whole period of the concession amounted to f. 54 million. Even these rich profits failed to arouse interest and, although in 1873 the Regulations were amended with a view to making concessions more attractive, there was practically no response, one of the few exceptions being a concession in 1887 for the working of tin in Singkep.

Coal was regarded rather less unfavourably. There is a little coal in Java, and some in parts of Sumatra, but the most extensive fields lie in Borneo. When the mineral resources of the colony were first thrown open to the public, steam transport was just beginning to make headway, and in 1846 the Government had already tried to open up a field in Borneo to obtain fuel for its fleet. Coal-mining held out such prospects that it even attracted private enterprise, and of the few applications for mineral concessions one of the earliest, in 1852, related to coal. But various attempts from 1854 onwards to extract coal in Borneo were unsuccessful, and they were brought to a tragic end by the massacre in Banjermasin in 1859. The growing number of steamers and the opening of the first few miles of railway in 1867 made the demand for coal more urgent, and in 1868 attention was turned to the mines at Ombilin, near Padang in Sumatra. Government still believed in private enterprise; but prolonged negotiations bore no fruit, partly because the field could not be exploited without a railway to Padang, and in 1891 it was found necessary to resort to exploitation by the State.

Thus, despite anxious endeavours to attract capitalist enterprise, practically the whole production of minerals rested with the State, until the discovery of petroleum towards the end of the century placed the mining industry on a new basis. By this time the reaction against Liberalism was setting in, and the further development of mineral production belongs to the next chapter.

(*f*) *Communications*.[35] Under the Culture System and under the Liberals much was done to improve the roads, but mainly

with forced labour. This could not well be used for building railways and, under the Culture System, Government would neither spend money on railways nor allow others to do so; even in 1846 Rochussen was adverse to private concessions. Van Twist, his Liberal successor, with the approval of the Home Government, pronounced in favour of leaving railway construction to private enterprise. But large joint-stock concerns were still a novelty, the profits of railway construction were doubtful, and nothing was done until Van de Putte stimulated a new wave of enthusiasm and confidence. Under this impulse, concessions were obtained for the two projects that seemed most likely to be remunerative: one in 1862 for a line between Semarang and the Native States, which would open up an area that was at once the most difficult of access and the most profitable centre of plantations; and one in 1864 for a line between Batavia, the chief port, and Buitenzorg, the seat of Government and the focus of hill cultivation, coffee and tea, in the Preanger. But progress was slow and costly and, although 25 km. were opened to the public in 1867, the two lines, little more than 250 km. in length, were not completed until 1873. By this time the planters scattered over the interior, although clamouring for railways, knew better than to invest money in them, and in 1875 Government was empowered to construct the first State railway to open up the sugar area between Surabaya and Malang.

In Java the intervention of the State in railway construction was due to economic circumstances; in Sumatra, where railroads date from about the same time, political considerations were paramount, and in 1874 Government began work on a light railway in Achin for military purposes. Then, in 1883, the Deli Tobacco Company obtained a concession for a railway on the east coast, and in 1887 Government laid down a line between the Ombilin coal-field and Padang.

Thus by 1890 there were some 1600 km. of railroad in Java and Sumatra, and by 1900 the kilometrage rose to over 3500 (see p. 329).

Postal Communications. Another outcome of private enterprise was a rapid improvement in postal communications. In 1860 little progress had been made since the establishment by

Daendels of a district post maintained by village post-horses, but the institution of an inland post in 1862 was soon followed in 1866 by a foreign post. In 1856 an inland telegraph service was opened, and by 1880 cables could be sent to Europe. A feature of special interest moreover was the early and extensive use of telephones, a special convenience to the numerous and scattered European population. This, like most other developments, was left in the first instance to private enterprise, but with greater success than usual; for the foundation of the first telephone company in 1882 had numerous imitators, so that 35 companies were in existence when the State intervened and took over the telephones in 1898.

(*g*) *Shipping and Harbours.*[36] In respect of communications by sea, however, the Dutch lagged far behind. In numbers and tonnage they had an imposing fleet, but it was only because of the protection afforded by the Consignment System that produce was shipped in their slow but roomy boats, and the mail service remained in English hands. When the English started the monthly overland mail to the East in 1845, it became the practice for the Dutch Government to send a warship to Singapore to take over mails and passengers for Java. The only private steamboat in the archipelago at that time belonged to an English firm in Batavia, and this formed the nucleus of the N.-I. Steamship Company, which took over communications with Singapore. Rochussen, however, encouraged a Dutch ex-naval officer, De Vries, to develop steam communication within the archipelago, and in 1859 De Vries secured the Singapore contract, until underbidden by the N.-I. Steamship Co. in 1863. Meanwhile inter-island traffic was growing, and by 1861 the number of private steamboats in the archipelago had risen to 18. Between 1865 and 1867 twenty steamboats were imported and in 1867 a steam dredger; but steamships were still few, and until the opening of the Suez Canal a foreign steamboat was "seldom or never seen".

Then, almost simultaneously, the Suez Canal was cut, the sugar trade was thrown open, and differential duties were abolished, and the slow Dutch sailing tubs had to face the competition of modern steamships. The growth of steam transport is shown in the following table.

Ships arriving in Batavia

Year	Sailing-ships (European rig)		Steamships		Total	
	No.	Tons (000)	No.	Tons (000)	No.	Tons (000)
1865	3077	496	—	—	3077	496
1874	1628	624	566	447	2194	1071
1875	1773	615	1041	746	2814	1361
1900	184	172	3445	4862	3629	5034

By 1878 the archipelago was thronged with small steamers, mostly flying the British flag, and the whole traffic was dominated by the N.-I. Steamship Co., which by this time was linked up with the British-India Steamship Co. "The headquarters of the company were in London, no ships were built in Holland, nor even a boiler renewed; all requirements were sent out from England, any necessary repairs were effected in Singapore, the engineers and mechanics were all English, and nothing but a clause in the charter kept a solitary Dutch skipper on the bridge."[37] Thus the final outcome of the Consignment System was that the whole Dutch merchant fleet had to be built and manned anew from the beginning.

Prince Henry, in this as in other matters a worthy descendant of William I, urged his people to rebuild their fleet, and took a leading part in the foundation of the Nederland Steamship Co. in 1870. For many years the new company had to buy its ships abroad and engage foreigners to run them, and it could do little more than fight an uphill battle against the N.-I. Steamship Co., which in 1876 secured a renewal of its contract for fifteen years at a reduced rate. The N.-I. Co. rendered good service on terms very favourable to the Indian Government but, in virtue of its contract, it enjoyed a practical monopoly, and could thus fix its own terms for any services which fell outside the contract, as were those rendered in connection with the Achin War. When at length the contract expired in 1891, the Government seized the occasion to transfer it to the Koninklijk Paketvaart Mij. (K.P.M.) founded in 1888. Thus the development of Dutch shipping in the archipelago is practically a feature of the twentieth century.

The new vessels needed improved harbour accommodation,[38]

and, when the opening of the Suez Canal inspired Prince Henry with the vision of a modern fleet, he urged on the Indian Government the need of better dock facilities. At his instance a new harbour for Batavia was undertaken in 1872 and completed by 1893 at a cost of some f. 26·5 million. The construction of a railway from the native States to the south coast led in 1886 to the laying out of a harbour at Tjilatjap; Emmahaven, started in the same year for Padang and the coal-fields, was completed in 1893, and in 1890 work was begun on a harbour at Belawan for the Deli tobacco region.

(*h*) *Commerce.* The net result of the economic progress which we have been considering in its various aspects is most clearly apparent in the figures for exports and imports given below.

Exports of Merchandise, 1870–1900[39]

Year	Total value of exports (f. 000)	Value of exports to Netherlands (f. 000)	Details for					
			Coffee		Sugar		Tobacco	
			Tons (000)	Value (f. 000)	Tons (000)	Value (f. 000)	Tons (000)	Value (f. 000)
1870	107,759	82,423	—	44,140	—	32,299	—	3,654
1875	172,243	110,947	77	70,488	209	52,434	13	9,126
1880	175,286	—	85	59,880	222	48,893	11	15,751
1885	185,128	—	55	29,708	420	84,078	21	20,714
1890	175,895	—	38	36,561	367	51,489	32	32,343
1895	223,933	—	56	54,702	575	80,592	32	32,816
1900	258,237	—	51	34,615	736	73,660	54	32,091

NOTE. As in the corresponding table on p. 171, the figures include Government merchandise. After 1870 the Government exports of merchandise comprised little more than coffee and tin.

Value of Imports of Private Merchandise, 1870–1900 (f. 000)

Year	Total	Details for					Java and Madura	
		Rice and paddy	Cotton goods	Fertilizers	Iron and steel	Machinery	Rice and paddy	Cotton goods
1870	44,459	592	16,024	24	1,709	575	—	—
1875	108,173	11,890	48,104	76	2,774	3,159	—	29,105
1880	145,220	24,119	34,333	504	2,539	3,079	16,447	28,519
1885	119,153	5,767	36,184	335	2,876	3,339	2,387	28,779
1890	141,322	12,177	35,662	2,117	3,754	3,622	4,606	25,579
1895	145,051	14,664	34,993	2,820	4,270	3,834	7,544	29,524
1900	176,078	17,520	35,744	5,450	10,013	11,305	9,445	28,937

One feature of these imports deserves especial notice. Prior to the opening of the Suez Canal East and West exchanged commodities intended for consumption: articles of luxury or comfort, such as spices, tobacco, coffee, sugar, for cotton goods more attractive than those locally produced. But, after 1870, the East could supply bulky commodities of little value, and the West began to supply commodities intended for use in production, such as fertilizers, iron, steel, machinery and tools, and thus enhanced the productive capacity of the East.

(*i*) *State Finance.* When the Budget for 1867, the first under the Accounts Law of 1864, was laid before Parliament, India was still regarded as a *wingewest*, a tributary province, to be managed for the profit of the home land, and the distinctive character of the revenue system was that, as under the Company, it depended mainly on contributions by the people in labour and produce, and only in a very small proportion on taxation in money, whether direct or indirect. The general policy of the Company was to impose taxes on Europeans and obtain tribute from the natives; Raffles was the first to subject the natives to direct taxation, which he aimed at substituting for tribute; in 1867 the Government maintained, with very little change, the taxes imposed on Europeans by the Company, and those imposed on natives by Raffles, but, in lieu of tribute, required labour and produce from the natives. Thus the revenue system, as under the Company, was essentially dualistic, with Europeans contributing a small proportion in certain ways, and natives contributing in other ways a much larger share; also, as the Outer Provinces were almost unadministered, the bulk of the revenue accrued in Java. The distinctive character of the revenue system is reflected in the accounts which recognize five main heads: Taxation; Produce, such as coffee, sugar, timber and tin; Monopolies, opium, salt and pawnshops; Enterprises, including the Press, Post Office, State Railways, etc.; and Miscellaneous.

In 1867, apart from Customs Duties dating from 1620, the chief taxes on Europeans were the Succession or Death Duties, dating from 1640; the Stamp Duty, dating from 1657; the Carriage Tax, introduced in 1826 but representing an old sumptuary tax; the Militia Tax; and the Transfer of Property

Tax, introduced in 1839 in place of the old *Heerengerechtigheid*; the only other notable tax paid by Europeans was the European *Verponding*, a tax on immovable property substituted in 1823 for a tax imposed in 1800 on houses and gardens in Batavia. The natives were taxed indirectly by the Arak Farm, dating from 1620, and numerous petty tolls, inherited from the Company and native rulers; but their main contribution in money was in land-revenue, introduced by Raffles, and in the Occupations Tax, substituted in 1839 for the House-Tax, which in 1824 replaced the Tenement-Tax imposed by Raffles on those who escaped land-revenue. The total revenue from taxation came to f. 25·59 million, of which about four-fifths was contributed by natives. But the natives also contributed the whole of the much larger revenue from Produce, f. 75·8 million, and also the revenue, amounting to f. 16·7 million, from Monopolies; the other major head of revenue, Enterprises, consisting at that time of the Press and the Post Office, yielded a gross revenue of less than f. 1 million and, after deducting charges, a loss.

The Liberal theory of taxation was that the substitution of free enterprise for State cultivation would lead to a growth of revenue, especially in customs duties and land-revenue, which would more than outweigh the loss caused by the reduction of profits from Government produce; thus, under Liberal ideas, no new taxes were imposed except the Capitation Tax in 1882 levied from natives in lieu of personal services (*pantjendiensten*). There was in fact a rise of revenue under the head of Taxation but, as shown in the table below, this was disappointing, especially in respect of land-revenue, which failed to keep pace with the

Revenue from Taxation, 1867–97 (f. mil.)

	1867	1877	1887	1897
Verponding	0·9	1·5	1·6	2·2
Customs duty	7·4	8·5	7·9	11·1
Excise duty	0·1	0·2	1·4	4·6
Land-revenue	12·6	16·3	19·9	17·7
Capitation	—	—	2·6	3·1
Other heads	4·5	9·1	12·6	14·3
Total revenue from taxation	25·5	35·6	46·0	53·0

growth of cultivation, and after 1887 declined. The failure of land-revenue as a source of income was partly due to bad administration,[40] but partly also to another cause. The new tariff of 1873 was followed by large imports of rice, which fell in consequence from f. 120 per ton in 1875 to f. 100 per ton in 1900, so that the cash value per acre of the produce of native cultivation was probably less in 1900 than in 1875, a development which the Liberals had overlooked in anticipating a rise of revenue from this source. But although the total revenue from Taxation rose, as also did the income from Monopolies and Enterprises (see p. 341), the increase under these heads was so far from meeting the decrease from Produce that in 1897 the total revenue was less than in 1867.

On the other hand there was a great rise in expenditure.This had been prophesied by the Conservatives, who foretold that under the Accounts Law of 1864 there would soon be an end to the Indian contributions: "Say good-bye; take off your hats, gentlemen, you'll see no more of them." For a few years the contributions maintained much the same level, and then fell rapidly until they came to an end in 1877.

(*j*) *The Batig Slot.*[41] It was in 1831 that Van den Bosch first made a contribution to home finances from Indian revenues. In earlier years there had been remittances, but these had been in settlement of debt, and at the beginning of 1831 there were still outstanding the old debit balance of the E. I. Co., f. 134·7 million, and subsequent debts, f. 33·5 million. Apart from the settlement of these debts the contributions after 1831 were merely tribute. Practically the whole represented the profits of State cultivation, but it was estimated that by 1861 the remittances included f. 7·5 million out of ordinary revenue in excess of the amount realized by Government produce and, as Van den Bosch explained in 1840, India paid as much as could be got out of it in any manner. In the Netherlands the money was applied partly to the redemption of debt (f. 236 mil.), and the reduction of taxation (f. 115 mil.), and partly to the construction of the Dutch State Railways (f. 153 mil.) and to the improvement of fortification (f. 146 mil.). Although Liberal critics of the Culture System often suggest that Van den Bosch should be held responsible for applying Indian revenues to

home requirements, it can be seen from the marginal table that the contributions reached their maximum during the period of Liberal rule from 1861–66, and it was only after 1878 that the Liberals made a virtue of necessity, and took credit for abolishing the system.

Indian Contributions to the Home Treasury (f. mil.)

Years	Total	Average
1831–40	93·0	9·3
1841–50	141·0	14·1
1851	15·0	15·0
1852–60	228·8	25·4
1861–66	194·25	32·4
1867–77	160·3	14·5
1831–77	832·4	17·7

Kielstra, p. 32. The figures for 1867–77 include the repayment of debts f. 10 million to the N.H.M., and interest f. 10·9 million.

Yet the abolition of the contributions was in fact due to Liberal policy, and the consequent rise in the expenditure on administration. Not only did the Achin War from first to last cost some f. 400 million, but "expenditure was incurred, of which Van den Bosch would never have dreamed, on the communications needed by European industry, on better justice to increase security, and on education to enhance the buying power of natives".[42] The natives could not, and Europeans would not, stand higher taxation. An attempt to enhance the land-revenue was killed by (what would be incredible in British India) protests from officials in the newspapers.[43] On the other hand European agitation after the crisis of 1885 secured the suspension and reduction of the cess and export duty on sugar, and attempts to tax imported manufactures were so strenuously resisted that the Colonial Minister had to abandon the project. The result was an accumulation of deficits, which had to be met by loans of f. 45 million in 1883 and f. 55 million in 1898.

The deficits, however, were less serious than they appeared, as they were largely due to meeting capital expenditure out of revenue. Up to 1900 f. 250 million was spent on directly productive purposes; f. 150 million on railway construction, f. 20 million on productive irrigation, and f. 30 million on harbours, as well as some f. 13 million on irrigation works which would prove indirectly remunerative. The loans raised to meet the deficits were debited to Indian revenues, although the contributions from these revenues to home expenditure could only be justified on the theory of a common purse; and by 1900 it had

long been clear that the financial relations between the home land and the colony must be placed on a new footing.

8. *Social Economy:* (*a*) *European.* The financial relations which had suited the Culture System were no longer suitable under a system of free enterprise, because this called into existence a new colonial world with a wholly new structure, political and economic. We have noticed that by 1900 the economic structure of society was definitely capitalist; but society had also undergone another change bringing out more clearly its plural character, with peoples of different races living side by side in the same country but in different worlds. In 1852 the European civil population numbered no more than 17,285 in Java and 4832 in the Outer Provinces; and it is said that the number of non-officials was less than a thousand, possibly no more than six hundred. By 1900 there were 62,477 civilians in Java and 13,356 in the Outer Provinces (see p. 347); perhaps the majority of these were non-officials, and by reason of the strong financial, mercantile and planting interests in Parliament, with its close control over Indian policy and over even the details of Indian administration, the non-officials had more real power than the officials. In 1850 rather more than half the Europeans were Indo-European or "Indos", for the Dutch have always reckoned among Europeans legitimate and legitimized children of European fathers by native mothers. But from 1860 onwards there was a growing proportion of people who had been born outside India, and the huge profits from sugar attracted Europeans of the best Dutch families, so that by 1885 there was a wealthy and aristocratic European population, leading a life of splendour and profusion. The crisis of 1885 changed all this; and by 1900 the Europeans were mainly of the middle class or of local birth, working for a salary and comparatively poor. But most of them were as well educated as if they had spent their life in Europe, for in this respect there was a great difference since 1850. In 1850 there had been no public middle school, but by 1900 in every Residency there was a school where children could reach the same standard as their fellows at home, and in each of the three ports there was a school with instruction along exactly the same lines as in Europe up to the standard required for entrance to a university.

(*b*) *Chinese*. The Chinese made even greater progress during the Liberal period than the Europeans, though they did not increase so rapidly in numbers. There were already some 150 thousand in Java in 1850, and by 1900 there were 277 thousand in Java and 250 thousand in the Outer Provinces (see p. 408). As in former days, they were still confined to certain towns; new arrivals could not land without a permit, and none could travel in the interior without a pass; but the restrictions on immigration were very slackly enforced. In one respect their position had improved since 1850, because in 1855 they were brought under the European Civil Code in most of their commercial transactions, and this gave them a higher social standing than the Natives; but in general they lived a life apart from both Native and European. There was a plural society, and the relations between the different elements were governed strictly by economic considerations.

Standing between European and native, and necessary to both classes, they were able to levy toll on both. As holders of all the opium shops, pawnshops and gambling houses, so much of the newly created wealth as went to the Javans passed on immediately to the Chinese: in 1900 the natives were buying much less rice or cloth per head than in 1880; but the revenue from opium rose from f. 10·5 million in 1867 to f. 18·7 million in 1897, and, during the same period, the pawnshop revenue rose from f. 373 thousand to f. 1·23 million, the gaming revenue from f. 365 thousand to f. 844 thousand, and the excise revenue (also largely collected through the Chinese) from f. 112 thousand to f. 7·37 million. The Chinese profited on a similar scale from the growth of trade, wholesale and retail; all that the Natives sold to Europeans they sold through Chinamen, and all that the natives bought from Europeans they bought through Chinamen. In commerce and production, also, the Chinese supplied the demand for competent subordinates on low wages, and they found new or wider fields of employment as clerks, accountants, salesmen or craftsmen. The Chinese, likewise, did much to organize native production, and an enquiry into the *batik* industry in 1892 revealed that the replacement of native cloth by imported cloth, which the batik workers bought through Chinamen, had resulted in the transfer of the whole industry to the

Chinese, with the native workmen in a position not unlike slavery. The Chinese were also competing with Europeans in production; many of the large private estates (*particuliere landerijen*) had passed into their hands, and they were conspicuous in the timber business. Thus as panders to the improvidence and vices of the natives, and as employees, middlemen and producers, the Chinese had acquired by 1900 a position far stronger than in 1850.

(*c*) *Native.* While Europeans and Chinese were growing in both wealth and numbers under Liberal rule, the natives were increasing in number, though rather less rapidly than before, but, instead of growing richer, they were growing poorer.[44] The figures cited above (p. 195) support the contention of Van Deventer that the increased production of rice was "far below the increase of population"; as Gonggrijp says: "the growth of the people gobbled up the larger yield", and they had less food per head from their holdings. At the same time they were drawing less from the planters both in rent and wages. The man who drew rent at f. 42·48 per bouw for his land under the Culture System by Government, obtained only f. 25 per bouw for the same land from the planter in 1900. In respect of wages it was especially after the crisis of 1885 that his position rapidly grew worse, and the official enquiry held at the beginning of the new century showed that there had been "a more or less strong reduction of wages".[45] The native not only drew lower wages, but he had less work, as the economies consequent on the crisis, such as the substitution of imported fertilizers for stable manure, of imported gunny-bags for home-woven baskets, and of light railways for carting, left the people with fewer opportunities to earn money. At the same time means were devised for getting round the Rent Ordinance of 1871; by enrolling headmen as employees, and giving them advances, the planters were able to get land and labour for nominal wages, and very few agreements were registered as the Ordinance prescribed. Thus, whereas in 1884 the planters paid out in rent and wages to the natives f. 500 per bouw, in 1903 they were paying out no more than f. 307 per bouw. The natives did less work for the planters than before, but, as they had no other means of earning money, they were condemned not only to poverty but to unemployment.

The course of events is clearly apparent in the import statistics (p. 207) for rice and cotton goods. Under the Culture System the import of rice, except in years of famine, was negligible, but an export trade was gradually built up and reached a maximum in 1856–60, when the average value exported was f. 7·81 million. Then, with the growth of population, there was a gradual decline in exports, but no significant change in imports. Between 1870 and 1875, however, the whole balance of the rice trade changed; exports fell, rapidly and steadily, and there was a sudden jump

Value of trade in Rice and Paddy, 1870–75 (f. 000)[46]

Year	Exports	Imports
1870	3,364	592
1871	5,396	603
1872	2,856	1,932
1873	2,239	12,800
1874	1,450	3,672
1875	968	11,890

Value of Cotton Imports (f. 000)[47]

Year	Imports
1870	16,024
1871	18,076
1872	21,734
1873	20,220
1874	44,079
1875	48,104

in imports far exceeding the decline in exports. As there was no sudden fall in the area under rice cultivation and no sudden increase in the population, it is difficult to explain the rise in imports except by assuming that the new tariff, and a rise in prosperity consequent on the rapid development of free enterprise, enabled the people to consume more rice, probably in place of maize. Cotton imports tell a similar tale. In 1870 the value of imports (f. 16 mil.) was little above that in 1840 (f. 13·1 mil.) and, in proportion to the population, far lower. But by 1875 the value had risen threefold, which indicates, perhaps even more clearly than the rice trade, the sudden burst of prosperity.

But the cultivators were not in a position to maintain their advantage. Even before the crisis of 1885 they could barely maintain their ground. Then in 1885 the import of rice fell from f. 24 to f. 5 million and in Java alone from f. 16 to f. 2 million, and although, after that year, the imports of rice grew with the increase of population, the people, despite the growth of population, were buying a smaller total of cotton goods in 1900 than in 1875. While the position of the planter was improving, that of the cultivator went from bad to worse. In 1875 the imports of rice and cotton goods accounted for f. 59·9

million out of a total import value of f. 108 million; but in 1900, with a far larger native population, the imports of rice and cotton goods accounted for no more than f. 53 million out of a total value of f. 176 million, while between the same years the value of goods imported for European production rose from f. 5·9 to f. 26·7 million. From Van Deventer's survey of native economy in 1904, it would appear that the average income per household, including produce consumed at home, was no more than f. 80, of which the equivalent of f. 16 was taken by Government, and that the cash income per household was only f. 39, of which the Government took f. 9 in money. Van Deventer's survey formed part of an enquiry into "the Diminishing Welfare" of the people of Java; and the appointment of a Royal Commission for this purpose is perhaps a sufficient comment on the effect on material well-being of replacing a system "grounded on unrighteousness" by one which "preferred freedom and justice above profit-seeking".

(*d*) *Village Institutions.*[48] We have noticed that with Van den Bosch and Baud it was a fundamental principle that the villages, "the little republics", should be left to manage their own affairs. This was incorporated in the Constitutional Regulation of 1854 (Art. 71), and long remained a tradition accepted by all parties. In 1866, however, Van de Putte made a direct attack on it in his Culture Law, aiming to promote the conversion of native tenures into private ownership. At that time very little was known about native institutions and, although the publication of the first volume of the Report on Tenures in 1876 furnished a rich store of information on this subject, the tradition of non-interference in the village still survived.

In practice, however, Government had always interfered in village life whenever convenient. "Officers did not debate whether their action would prejudice village autonomy; they acted."[49] The autonomy of the village in respect of fixing its boundaries was disregarded when Raffles introduced the system of land-rent, and again on the extension of direct rule in 1830, and again in the reorganization of 1874. Village autonomy with regard to the disposal of its land was lost when the Clearings Ordinance of 1874 forbade new clearings without permission from an official, and many grants under the Agrarian Law gave

village land to capitalists. Under the Culture System both land and labour had been utilized in State cultivation with no respect for local custom, and from 1850 onwards village labour was freely placed at the disposal of private employers.

Nevertheless, the principle of non-interference continued to prevail; partly, because it was thought that the village government protected the people from oppression and that they would resent encroachment, partly because the village government was regarded as "a Palladium of *rust en orde*" (peace and quiet), and chiefly, it would seem, because the village government was the lever by which Government raised supplies of labour. Only when compulsory labour was gathering disrepute did the principle of non-interference begin to weaken, and the first step towards abrogating it was the institution of an enquiry into *heerendiensten*. The officer first appointed to conduct this enquiry noticed that non-interference was really contrary to the doctrine of *laisser-faire*, as it gave the headman arbitrary power over the people; "in the chaos of petty individual interests positive leading and direct intervention are essential".[50] Another landmark in the change of opinion was a forcible exposure of the abuses of village institutions in a brochure published by a Controleur in 1888; and at length in 1891 Government summoned up courage to remedy the defects of village government pointed out fifty years earlier in Cheribon. Sometimes there were more village officers than villagers, and the land held by officials as an appanage of office might be five or even ten times the area of unofficial land—in one village the officials enjoyed 87 bouw of rice-land while the other villagers shared no more than 8; but in 1891 the number of village officers in Cheribon was reduced from 22,905 to 13,306 and the area of official rice land from 64,194 to 44,779 bouw. At length the matter was settled by the Report of Fokkens on the enquiry into *heerendiensten*. He pointed out that in some villages the people were liable to render fifty-two days' service in a year and in neighbouring villages no more than four days, and that all the precautions laid down for preventing abuses of the system were neglected; could there be any serious objection to a more equitable distribution? There had been repeated encroachments on village autonomy to the prejudice of the people; was it

likely that they would resent interference for their advantage? He recommended that an effort should be made to abolish all such differences, going outside the village and, if necessary, the district, "so as to secure greater uniformity".[51] The acceptance of his Report marks a final departure from the old tradition of non-interference, and the victory of the Liberal ideals of individualism and a mechanically uniform administration.

Meanwhile the social order was being attacked from other sides. Communal occupation was giving place to individual possession (see table, p. 319). In judicial administration the replacement of civilians by lawyers "who looked on native law as a doctor looks on native medicine" tended to replace native customary law by European law, or by Mahommedan law as understood by Europeans; the civilians "had stood for customary law, even if they did not understand it".[52] Thus the whole effect of Liberalism, both in its direct action and indirectly by its influence, was to undermine the native social order.

(*e*) *Reconstruction.* At the same time very little was attempted towards building up a new order in organic relations with the modern world.[53] The Commissioners of 1815, while providing for European education, left native education to the care of the Regents. Under the Culture System frequent representations from local officers that provision should be made for giving instruction to candidates for Government service were rejected, until at length in 1848 sanction was accorded to an annual allotment of f. 25,000 "for the establishment among the Javanese of schools especially intended to educate officials". But the spread of education was a Liberal dogma, and the guarantee in the Fundamental Law of 1848 of free education to everyone in the Netherlands led gradually to a new attitude towards public education in Java. Under the Constitution of 1854 the responsibility for native education was expressly imposed on the Government, and Thorbecke fought strenuously for a generous interpretation of the law. "It is our task," he said, "our duty, to spread light in India." In this matter he had the approval of Van Hoëvell, and could also reckon on support from the missionaries newly admitted to work in Java.

Towards the end of the eighteenth century missionary zeal in Holland revived, after lying dormant for nearly 200 years,

and in 1797 the Dutch Missionary Association was founded.[54] There had always been Protestant ministers for the Europeans in India, but, as in British India, missionary enterprise was suspect as liable to inflame religious prejudices; and when at length missionaries were admitted in 1814 they were restricted to the eastern islands, where the natives were not Mahommedan but either heathen or already Christian. Meanwhile under Daendels Roman Catholic priests had been admitted for the first time, and these did not, like the ministers of the official Protestant church in Java, confine their activities to Europeans, but worked among all classes. At length in 1851 Protestant missionaries were admitted to Java, and took up the work of education. Thus during the 'fifties the utilitarian and economic demand from officials and planters for educated subordinates was reinforced by a demand, from Liberals, humanitarians, and missionaries, for education as a cultural force.

This movement made slow headway, but a new feature during the 'fifties was the change in the native attitude towards Western education. The allotment of f. 25,000 in 1845 made it possible to open a school in each Regency, and the number of Regency schools rose from two in 1849 to fifteen in 1852. This created a demand for teachers, and in 1851 a training school was opened. In the same year a school was opened for training medical subordinates. But these schools were rapidly filled with the sons of regents and other high officials, not from any enthusiasm for pedagogy or Western medicine, but as a means of obtaining Government appointments. At the same time the upper classes were beginning to appreciate the practical advantage of an acquaintance with Dutch, and were seeking admission to the new missionary schools where they could learn Dutch.

At length, in 1864, the full flood of Liberalism reached Java. Many things combine to mark this year with red letters in the history of educational progress in India: the higher posts in Government service were thrown open to Eurasians and natives; the Dutch schools, closed to natives since 1848, again began to accept native pupils; the limit of f. 25,000 as expenditure on native education was removed and, most important of all these changes, an Inspector of Native Education was appointed. This was followed in 1867 by the constitution of a Department for

Education, Religion and Industry—a combination not without significance as to the relation between education and economic progress. The new department was a powerful ally in support of the humanitarians and missionaries in their demand for education as an instrument of culture, and it had a further tendency which is apt to be overlooked. It created a class of people who, from professional zeal and from a reasonable and almost irresistible inclination to justify their position and magnify their own importance, were impelled to foster the establishment of schools, and increase the number of pupils, without regard to economic conditions and the market for the product of the schools. In these favourable circumstances there was a rapid growth in the number of schools and scholars, and by 1882 there were nearly 300 native schools in Java and nearly 400 in the Outer Provinces, with 40,000 pupils. But that the people valued education on material rather than on cultural grounds is indicated by the small number of girl pupils, only 44.

The economic collapse of 1884 threatened this promising movement with disaster. In 1887 the allotment for native education was only f. 0·99 million against f. 1·19 million in 1882 and, despite an increase in the number of pupils, the number of schools had dropped to 654. For a time it was contemplated that Government should leave primary instruction wholly to private institutions, secular or religious; but the Liberal Colonial Minister, Baron van Dedem (1891–94), reaffirmed the policy that primary instruction should in the main be provided by the State, and by 1897 the number of schools was nearly double, and the number of pupils more than double, the number in 1882. The increase, however, was largely due to private effort. In 1889 an "unholy coalition" of the clerical parties obtained grants for denominational schools in the Netherlands, and this policy was extended in 1890 to mission schools in India, which rapidly increased in number, so that by 1900, despite the increase in the total number of schools, there was a slight decrease in the number of State schools, and the State expenditure on education was very little above the figure of 1882, although receipts from school fees had increased twofold.

But for the most part this instruction was of the most elementary description. During the enthusiasm of the 'seventies many new subjects were added to the curriculum, but in 1893 schools were classed in two grades, and a few first-class schools gave a five years' course to pupils aiming for the most part at employment under Government or in business, while the second-class schools taught little more than reading, writing and arithmetic. Even the first-class schools, however, were not good enough for the higher native officials who wished their children to pass the Clerkship (*Kleinambtenaar*) Examination, and this was only possible for children educated in European schools; moreover, apart from a few special schools intended for the children of native Christians and soldiers, it was only in a European school that the Native could learn Dutch. The admission of Natives into European schools was looked on with disfavour, partly because of the old tradition that "Dutch did not sound well on native lips", partly because an influx of Natives would change the character of the European schools; Natives who sought admission were required therefore to know Dutch before entering the school and to pay higher school fees. Despite these restrictions, the demand for admission was so keen that the number of non-Europeans in European schools rose from 266 in 1870 to nearly 2000 in 1900. Although the considerable number of non-European girls in European schools in 1900 suggests that among the higher classes a Dutch education was already coming to be regarded as a cultural asset, the main attraction of these schools lay in the material advantages which they offered.

But even the best educated Natives could hope for nothing better than a subordinate position in a Government or commercial office, and had no chance to play an independent part in production. The mass of the people remained wholly untaught; for in a population of over 30 million, only a few thousand learned so much as to read and write, and most village headmen and many "village clerks" were illiterate.[55] Thus, although the new economic relations were disorganizing the native social order, there was no serious attempt to rebuild it on a new basis; this would have run counter to Liberal theory.

9. *Review of Liberalism.* The Liberals, as we have noted, differed from all their predecessors since Raffles in holding that for the development of India no plan was necessary; they held that, if the State should look to the maintenance of Law and Order, the unregulated working of the economic process under the direction of the economic motive, the desire for individual gain, would promote the general welfare; and they held this as an axiom of sound political economy no less in the plural society of India than in the unitary societies of western Europe. They aimed therefore at the removal of barriers to economic progress, and at the unification of society by making individual members equal before the law. Under the constitution which they built up, with the local administration conducted by a succession of passing officials, frequently transferred from one charge to another, and subject to the whims of shifting majorities in Parliament, constructive action was impossible; destruction would have been impossible, were it not that barriers to economic progress, if not artificially sustained, crumble by natural decay.

Yet for a time their theory was justified by its results. Freedom of enterprise stimulated production, and at first all who contributed to production shared its benefits. The disappearance of the *batig slot*, the surplus available for contributions to Dutch revenue, soon proved, however, that the growth of production in India was no guarantee of general welfare in the Netherlands. Before long there was no balance even for works in India, as the surplus gradually turned to a deficit; while State expenditure was growing, the revenue in 1897 was lower than in 1867. The growth of State expenditure was one of many signs that Liberal theory was incomplete; in the development of the Outer Provinces, in the mines and forests, and in the building of railways and steam communications, the prospects of gain were not sufficient to attract private capital, and State intervention was found necessary. Plantation agriculture made rapid progress; but this was due to capitalist rather than to individual enterprise, and, as we have seen, at the expense of the natives who, as individuals, were powerless against the strength of capital, and at the expense also of manufacturers in the Netherlands, whose profit lay in native welfare, whereas in 1895 the total value of imports was lower than in 1880.

Neither did freedom of enterprise contribute to the unification of society; on the contrary, the European element grew rapidly in numbers and wealth, and so, in even larger measure, did the Chinese element, whereas the natives, hemmed in ever more narrowly within a contracting economic frontier, saw their own social life disorganized without gaining enfranchisement in any more comprehensive social order.

The first impulse of Liberalism, like the first impulse of the Culture System, enhanced welfare; but in both cases progress was followed by stagnation and relapse, and "to many who expected great things from the noble sentiments and shrewd forecasts of Liberal prophets the results were a bitter disappointment".[56] Long before 1900 Liberalism had done its work and ceased to be a vitalizing force.

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NOTES

[1] Rengers, p. 721.
[2] C. J. Hasselman, in Colijn-Stibbe, ii. 28.
[3] Kielstra, *Vestiging*, and in Colijn-Stibbe, i. 349.
[4] Kielstra, in Colijn-Stibbe, i. 375.
[5] Dr H. Colijn, quoted S. de Graaff, *Hervormingsverslag* (1914), p. 25.
[6] Kleintjes, ii. 437; Bergsma; Van Vollenhoven, *De Indonesier*.
[7] Angelino, ii. ch. 7; Bergsma; Fokkens; Hasselman, *Dessadiensten*.
[8] Kleintjes, i. 124; Angelino, ii. ch. 7.
[9] *Pantjendiensten*: Kleintjes, ii. 399; Rengers, p. 738.
[10] *Heerendiensten*: Fokkens; Hasselman, *Dessadiensten*; Bergsma, iii. 57.
[11] *Enc. N.-I.* iv. 711.
[12] Hasselman, *Dessadiensten*, p. 8.
[13] de Waal, *Onze Ind. Financiën*, v. 16.
[14] Hasselman, *Dessadiensten*, pp. 10, 11.
[15] List given in Colenbrander, *Van Deventer*, i. 278 n.; and Van Deventer, *Overzicht*, p. 39.

[16] Fokkens, p. 23.
[17] Hasselman, *Dessadiensten*.
[18] Pronk; Piepers; Angelino, ii. ch. 1.
[19] Keuchenius, iii. 451.
[20] Piepers; Logemann, p. 35; *Enc. N.-I.* iii. 566.
[21] Angelino, ii. 163.
[22] Kleintjes, ii. 75.
[23] Winkler.
[24] Kielstra, *De Financiën*, p. 22.
[25] Official: 1837 ISB. 30; Bijblad 1067.
[26] Gorkum.
[27] Official: *Welvaarts-Onderzoek Va*, pp. 22, 24; Statistics: *Jaarcijfers*.
[28] C. Th. van Deventer, *Overzicht*.
[29] Mansvelt; de Bree, *Gedenkboek*; Helfferich.
[30] Helfferich, p. 43; de Bree, *Gedenkboek*, p. 324.
[31] Helfferich, Introd.
[32] Labberton, p. 224.
[33] Dr J. R. Beversluis, *Boschwezen*.
[34] *Enc. N.-I.* ii. 838.
[35] *Enc. N.-I.* iv. 68; iv. 700.
[36] *Enc. N.-I.* iii. 254; iv. 111.
[37] *Enc. N.-I.* iii. 254.
[38] *Enc. N.-I.* ii. 67; Official: *Yearbook*, 1920, p. 217.
[39] *Stat. v. d. Handel*.
[40] See Furnivall, *Land Revenue System*.
[41] Kielstra, *De Financiën*.
[42] Colenbrander, *Ned. Betrekking*, pp. 20, 21.
[43] Teng, p. 18.
[44] Gonggrijp, *Schets*, p. 175 *seq*.
[45] Hasselman, *Mindere-Welvaart*, p. 156.
[46] *Stat. v. d. Handel*.
[47] *Ib*.
[48] Adam, *Autonomie*; Boeke, *Dorp en Desa*; Van Vollenhoven, *De Indonesier and Ontdekking*; Bergsma; Fokkens; Hasselman, *Dessadiensten*.
[49] Hasselman, *Dessadiensten*, p. 9.
[50] *Ib*. p. 9.
[51] Fokkens, pp. 14, 15.
[52] Van Vollenhoven, *Ontdekking*, p. 114.
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[54] Missions: Kleintjes, ii. 515; Colenbrander, *Geschiedenis*, iii. 124.
[55] Hasselman, *Dessadiensten*, p. 70.
[56] Rengers, p. 748.

CHAPTER VIII

EFFICIENCY, WELFARE AND AUTONOMY

1. *The New Colonial World.* By 1900 Liberalism was an outworn creed. But yet it had not failed, any more than the Culture System failed. Just as the Culture System, created by the genius of Van den Bosch to meet the needs of 1830, was swept away by the forces which it called into existence, so was it with the Liberal System, originating in the needs of 1870. It released forces, moral and material, creating a new colonial world, which teemed with problems that on Liberal principles were insoluble.

In this new world the balance of economic power in Java no longer lay with Government but with private capital. In 1870 the few wealthy planters were isolated individuals, but in 1900 the far larger and far wealthier non-official community was directed by a few powerful corporations which could easily take common action to protect their interests; the economic structure was no longer individualist but capitalist. Colonial capital had furnished a Governor-General in s'Jacob (1881–84) and a Colonial Minister in Cremer (1897–1901), and it dominated the whole administration, from the Council of India to the village headman. In 1870 the planters looked to the States-General for support against the Indian Government, but in 1900 colonial capital, closely linked up with capital at home, was impatient of control by the States-General; except for the check of public opinion in the States-General it was all-powerful. Non-officials wanted a more active and efficient Government which could open up the Outer Provinces, and improve communications, justice, police, irrigation, and provide them with better education for their children and subordinates; but every project had to gain the support of a Colonial Minister at his wit's end for money, and to pass scrutiny in a Parliament where Indian affairs were only a side-issue in party rivalry. Even on matters which commanded general support, the cumbrous administrative machinery barred the way to progress and, "after

years of deliberation and taking all possible advice, Government would give an answer that was neither Yes nor No".[1] Thus, in the interests of expansion, efficiency and welfare, the non-official community wanted a government which would spend money freely, but not at their expense; and, consequently, there was a growing movement in favour of "decentralization"—the delegation of power from the home to the colonial Government, from the colonial Government to departments and local officers, and from the bureaucracy to local bodies.

The official world in the new colony had also changed since 1870. The young civilian came out, fired by the sentimental idealism of Multatuli, to play his part in "the great colonial purpose of the Netherlands", and his colleagues in the Public Works Department were students from Delft, where Socialism was a red-hot flame. These men wanted a more efficient and humane government which would promote welfare, but, although they wished to do more for the people than their predecessors, they were able to do less. They could no longer build roads and improve irrigation with free labour, but had to bring all their projects to account, and see them frustrated by the inertia and pettifogging economies of a Parliament where colonial policy took on a new colour with every change in the rapid succession of Colonial Ministers. Officials, no less than non-officials, favoured expansion, efficiency and welfare, and were equally desirous therefore to be free of home control. Decentralization was the watchword of all classes.

Changes in India had their counterpart in Europe. The new inventions in iron and steel, improvements in transport, and the new financial technique created by the development of joint-stock companies, all due more or less directly to the application of Liberal principles to economic life, led to a huge accumulation of capital, with mass production, reaching out to the tropics for supplies of raw material, and, more important still, for wider markets. Before 1870 commerce between East and West was mainly an exchange of luxuries or comforts but, as already noted (p. 208), after 1870 Europe began to supply the East with goods destined for production; towards 1900 there was another change, the East became involved in the productive system of the West and goods destined for production began to figure prominently

in Eastern exports. For various reasons, but largely because Java was already cultivated with the older staples, the Outer Provinces were better able to supply the new demand, and home capital therefore had a powerful interest in expansion. Similarly, the cotton industry of the Netherlands, the child of Van den Bosch, was demanding a wider market. In 1875 the imports of cotton goods were three times those of 1870 and exceeded in value the whole imports of that year. In Parliament this manufacturing interest grew so strong that in 1896 it could defeat a proposal for import duties, and in 1900 the Chambers of Commerce were showing their sympathy for the Javan in complaints that he had less to spend on clothes. This was quite a new attitude. Even in the 'nineties the Indian Government still, as under Rochussen, regarded low wages as a mainstay of the prosperity of Java, but by 1900 the interest in native welfare was no longer, as with Van Hoëvell, humanitarian, or, as with many Liberals, hypocrisy; it was economic. It had become a paying proposition to raise the standard of living. The promotion of welfare and expansion appealed to Labour even more than to Capital. Employees were equally interested with their employers in the growth of trade, in the expansion of markets and in supplies of raw material; but they were apprehensive lest high profits in the East should enhance the power of capital at home, and lest low wages in the East should prejudice European scales of pay and, as labour was much stronger in 1900 than in 1870 in numbers, organization and political power, its interests had to be conciliated.

This common interest in expansion, efficiency and welfare among all classes in the Netherlands had a political as well as an economic aspect. The nineteenth century had been one long struggle against economic penetration by the English, and in 1900 it seemed a losing struggle; the British, who had long secured a foothold in commerce and finance, were making headway as planters of tobacco and tea in East Sumatra, and London supplied a Dutch prospector with the capital for the Shell Oil Company. Capital was becoming international, with all the Western powers contending for a "place in the sun" where they could share "the white man's burden", and the partition of Africa was reaching its climax in the destruction

of the Boer Republics. In British India the economic forces which compelled a change of policy in Netherlands India were inspiring Curzon's doctrine of efficiency. There was good reason then for the Dutch to fear lest continued neglect of the Outer Provinces should end in their absorption by a foreign power.

Party rivalry in the Netherlands reflected the new developments. In 1870 there was still a sharp line between Conservative and Liberal. According to Multatuli they had two very different principles; one wanted to get as much as possible from India and the other wanted to get from India as much as possible. That was the truth, but not the whole truth. "The Liberal Party, like her Conservative sister, got out of India all there was to get",[2] but the Conservatives wanted to get it by State exploitation and the Liberals by capitalist enterprise. The rout of the Conservatives ended in their extinction, and after 1888 their place was taken by an alliance of the Anti-Revolutionaries and Calvinists with the Romanists, who deserted their old Liberal allies to form a new Clerical party on the Right against the secularist Left. On the other hand, economic progress and the growth of capitalist interests gave many Liberals a bias to the Right, and those who still wanted to press forward set out from a new starting-point along new paths in different and often in contrary directions. The fissure, first apparent in the rejection of the Culture Law of 1866, widened after the death of Thorbecke in 1872; in 1889 the Radicals (*Vrijzinnig Democraten*) seceded, and in 1894 the moderate progressives formed the Free Liberal Party (*Vrije Liberalen*). Meanwhile, the appearance of the first Socialist Deputy in 1887 foreshadowed a new party which believed, like the Conservatives, in State action, and also, like the Liberals, in progress. In the face of this new challenge Liberals grew less reluctant to admit the need for State activity, and Conservatives more reconciled to the idea of ordered progress. The reorientation of parties along religious lines brought rich and poor within both folds, and the extension of the franchise in 1896 enriched political life with a more varied pattern of economic colouring. So far did Liberals move in the direction of State intervention that the new Liberal Government became known as the Ministry of Social Justice.

Thus all parties tended to come together, especially on issues

such as colonial policy, where religious differences were less acute and, in the face of Islam, more dangerous. It was the party of the Right which, sobered by disaster, first outlined a new colonial policy; and Dr Kuyper in *Ons Program*, published in 1880, claimed[3] that exploitation, whether by the State or by private enterprise, must give way to a policy of moral responsibility, based on Guardianship, and therefore implying a duty to educate India in moral principles, to govern it for its best advantage and, ultimately, if God please, fit it for autonomy. For many years Liberals held fast by Freedom of Enterprise, and Socialists were content to oppose Imperialism and Capitalism. Then, almost at the same time, Van Deventer put forward a new Liberal policy of benevolent individualism, emphasizing the need to protect native rights and to promote moral and material development, while Van Kol developed a constructive Socialist policy to much the same effect. Clericals tended to lay stress on moral progress, Liberals on material progress and Socialists on human progress, so that Socialists were nearer in some ways to the Clericals than to the Liberals; "I prefer the Calvinist Minister", said Van Kol, when comparing Cremer and Idenburg, and Dr Kuyper agreed with him that in mercantile ledgers the item "Love for the Javanese" was merely a form, inserted "*pro memorie*".[4] But this diversity in temper did not disturb the general accord of all parties on practical issues in colonial policy, and all were alike in advocating Decentralization so as to have more time to deal with the multiplication of State activities at home, and alike also in fearing to lose control over Indian affairs; they wanted to retain power over India while giving the Indian Government all the work. Thus by 1900 the changes in economic circumstances had given rise to a new climate of opinion; all parties favoured a policy of State activity in the direction of expansion, efficiency and welfare, and successive Colonial Ministers emphasized the general agreement of all parties on placing the welfare of India in the foreground of colonial policy. This new course of affairs came to be known as the Ethical Policy.

2. *The Ethical Policy*. The first official expression of the new trend in colonial government came from Baron van Dedem in the Liberal Ministry of 1891–94. After a prosperous career

as an advocate in India he entered Parliament in 1880, and immediately made his mark by pressing for the separation of home and colonial finances. In his first Budget speech of 1891 he announced[5] that he would aim at fitting India for Decentralization, by an unstinted outlay on public works, by the removal of obstacles to progress, and by basing Indian finances on the sure foundation of the increasing welfare of the people; he would also push forward vigorously in suppressing the rebels in Achin. This speech, striking the keynotes of the new era, Decentralization, Efficiency, Welfare and Expansion, caused him to be greeted as "a pure incarnation of the new colonial trend". It went beyond the old negative Liberal policy of removing obstacles to progress, and advanced towards a constructive policy, the building up of new political machinery, of material wealth and human welfare. But Van Dedem, although a statesman, lacked the push of a reformer; he worked cautiously and with exasperating hesitation, and he achieved little. The next Colonial Minister, Bergsma, had learned in the Civil Service the art of leaving difficult jobs to his successor, and his successor, Cremer, was a stalwart Liberal of the old school. Meanwhile, the mantle of Van Hoëvell fell on new prophets; Van Kol, Van Deventer and Brooshooft.

Van Kol was the first of these to make his mark. After studying Engineering and Socialism at Delft he showed his competence as an engineer in the Public Works Department in India, and his zeal for Socialism by reorganizing the Labour Party while on leave. The Government dispensed with his services "for 'liver-disease', which apparently had not the slightest ill consequences on his health"[6]—presumably his Socialism was attributed to bile—and he was induced to enter Parliament. Here, as the first active Socialist politician in Europe with a personal experience of colonial administration, he quickly gave a new colour to Socialist colonial policy. He was no mere sentimentalist but a practical engineer, used to dealing with the most stubborn of materials; and he knew his facts better than his critics. His fighting speeches gained the attention of the Chamber; and this deepened into respect when many criticisms, originally greeted with ridicule, proved to be well founded.

Van Deventer[7] was a man of a different type, a Liberal of the

school of Multatuli. After a few years in the judicial service in India he took to the bar. Through a brother-in-law employed in one of the large oil companies he became interested in the Outer Provinces, and took up the agency for recruiting Javanese labour for the coal-mines of Borneo. When he joined the Liberal party on his retirement in 1897, he found that it still had no colonial programme beyond "promoting the free development of private enterprise", and he drafted a new programme insisting on the primary importance of providing for the moral and material welfare of the Natives, and on Decentralization and a greater employment of Natives in the administration. This stamped him as a leader of the Liberals in colonial affairs and, as Socialism had not yet become respectable and the solid majority was still Liberal, he exercised a wider influence than Van Kol. Then, in 1899, his article "A Debt of Honour" (*Een Eereschuld*) electrified the country, and it stands out as a turning-point in colonial policy no less conspicuously than the *Stukken* of Van Hogendorp or the *Sugar Contracts* of Van de Putte.[8]

Everyone, he said,[9] complains that India has no money. But if we had adopted the British policy of separating home and colonial finance India would have been flourishing. We could, and should, have done so. We could have done so in 1867, because it was admitted then that home finances were sound, even without the Indian contribution. We should have done so, because, in assuming responsibility for Indian finance, we became indirectly the representatives of the Indian people. Yet from 1867 to 1878 we took f. 187 million from India in contributions. This policy of the *batig slot* was in direct conflict with the principle that India should be *governed* (*bestuurd*), not *subjected* (*overheerscht*), and still less *exploited* (*geexploiteerd*). Our action was *indefensible* and *all the money drawn from India since 1867 should be repaid*;* repayment cannot be enforced by legal process, but it is due under the higher law of honesty and honour; it is a Debt of Honour.

The separation of home and colonial finances had long been argued in the Chamber and, after the Indian surplus had turned to a deficit, separation was materially advantageous. But Van

* Ital. *sic.*

Deventer brought the matter home to the general public and placed it on a moral basis. His article was a thunderbolt which cleared the atmosphere, and in the fresher air colonial problems assumed a new aspect. For the next twenty years Van Deventer remained a commanding figure in Indian affairs.

Brooshooft never stood out so prominently as Van Deventer and Van Kol, and most of his work was done as an editor in Java. But in 1901 he reached a wider public with a brochure entitled "The Ethical Trend in Colonial Policy".[10] For over a hundred years, he said, a ray of ethical sunshine (*ethische zonnetje*) had been struggling through the clouds of selfishness, and was at length beginning to light up colonial policy. It was long overdue. So far Government had been taking TWENTY-FIVE PER CENT.* from the miserable earnings of the Javan and doing nothing in return, save to push him into the pool of horrors where millions in the West were already struggling neck-deep. Liberalism boasted of leaving people free, but the true grounds of leaving them alone were laziness and a reluctance to spend money. In the name of freedom the planters had seized all the best land; and the measures taken, nominally for the protection of the people, worked, if at all, for the protection of the planter. Pauperized by advances the native was driven into the factories, so that individuals were demoralized and social life disorganized. Capital betrayed its influence everywhere: in land acquisition for the planters, and in the labour laws and mining law; in the reorganization of the Civil Service, with more pay for European officers and less for Native officers, and in the law-courts and in the police; meanwhile nothing was being done for the Native. But ethical principles demanded constructive effort for moral and material welfare, close control over the village government, and decentralization. This is the gist of a rather inconsequent little pamphlet, significant in its insistence on the topical catchwords of decentralization, efficiency and welfare, but chiefly remarkable as giving a name to the new "ethical" trend of colonial policy.

3. *Diminishing Welfare.* The public might have been less sensitive to the appeal of these reformers to its conscience if circumstances had not at the same time touched its pocket. In

* Caps. *sic.*

1896 root disease attacked the sugar, and Liberia coffee was threatened with the disease to which *C. arabica* had succumbed. Prices were falling; tin dropped to f. 39 a pikol in 1896–97, coffee was down to f. 32 in 1901 and sugar touched bottom at f. 4·50 for No. 15 quality in 1902. Exports were almost stagnant, and imports were declining. The long-drawn Achin war was exhausting the country like a cancer; expenses were rising, revenue was falling, and attempts to raise new revenue were unproductive. Prospects were so bad that fewer Europeans sought a living in India, and the population born in Europe fell from 14,316 in 1895 to 13,676 in 1905. Deputies heatedly discussed whether the situation was anxious, alarming, dangerous or critical, but all agreed that the patient was ill. Then in 1900–1 news of widespread crop failure and cattle disease aroused apprehensions of a general economic collapse.

At this juncture the Clerical Party, with its programme of moral responsibility, came into power, and on the assembly of Parliament in 1901 the Queen announced the intention of Government to "enquire into the diminishing welfare of the people of Java". In 1902 a new figure appeared on the scene, when Idenburg, a captain in the Indian Engineers, who had entered Parliament the year before, was appointed Colonial Minister. In a great budget speech, which won the favour of all parties and especially of Van Kol, he diagnosed the main cause of Indian distress as the growth of population, resulting in diminishing returns to agriculture, and propounded for a remedy the creation of native industry with native capital.[11] Also, without discussing the Debt of Honour, he recognized that home finances should provide the means to secure India against another collapse by raising the people to a higher level of welfare; and for this purpose he appointed three experts, Van Deventer, Kielstra and Fock, to report respectively on economic conditions, on the state of colonial finances and on the measures to be adopted for relief.

Van Deventer attempted the first statistical survey of the people,[12] and submitted an elaborate report under three heads, Income, Taxation and Recommendations, together with an Appendix by G. P. Rouffaer on Industries. He came to the conclusion that the population had grown much faster than its

resources in food and cattle, and estimated the family income at f. 80, of which only f. 39 was in cash and the remainder in produce, whereas the taxation per family amounted to f. 16, of which f. 9 was in cash and the balance in produce or labour.

Kielstra was a retired army officer. His very useful and interesting survey[13] of the financial relations between India and the Netherlands since 1816 demonstrated that the total Indian contribution reached f. 832 million, of which f. 160 million would have to be refunded if the contributions after 1867 were recognized as a debt of honour. On ordinary expenditure alone the deficit, already exceeding f. 151 million in 1872–1902, threatened to grow more rapidly with the fall in the price of coffee. Extraordinary expenditure accounted for a further deficit during the same period of f. 272 million, and much of it, although classed as remunerative, did not in fact contribute to the revenue. Also the sources of revenue showed little sign of improving. Yet money was urgently required for expenditure which would improve the financial position of India. It was the duty of the motherland, therefore, in recognition of former benefits, to provide the necessary funds; "without help from home and merely from its own resources, India could do *nothing*".*

Fock was a Liberal who had practised as an advocate in Java. He dwelt[14] on the "pernicious influence" of the Chinese, and remarked that better education would gradually strengthen the native element in the administration and promote "a sound development of oriental life on its own basis"; he also pointed out the need of capital for remunerative projects, such as irrigation, the construction of railways and the repurchase of the private estates (*particuliere landerijen*), but dealt more particularly with projects of capital expenditure which would be indirectly remunerative by promoting native welfare. Under this head he classed protective irrigation, the provision of agricultural credit, the promotion of irrigation and the encouragement of industry, both European and native, by State enterprise, and by helping private enterprise, Dutch and native, with fiscal and transport concessions and a guaranteed market.

All three Reports have certain common features. While ac-

* Ital. *sic.*

cepting the Liberal tradition that the economic motive is a sufficient stimulus to welfare, they recognize the desirability and need for State intervention; they all admit that the Netherlands, in recognition of former benefits, should make some contribution free of charge towards improving the position of India; and they tend to emphasize the development of material wealth rather than of human welfare, and to consider what can be done *for* the Javan rather than what can be done *with* the Javan, without noticing that the real problem was to discover what the Javan would do for himself. Their standpoint was individualist, and the problem was regarded as mechanical rather than as social.

Since assuming office Idenburg had been faced with two problems, one theoretical, whether Home and Indian finances should be separated, and the other practical, what should be done to meet the immediate emergency. The theoretical question presented little difficulty. The Accounts Law of 1864 provided for an entry in the Budget under the head "Contributions"; but India had made no contribution since 1877, and the continual Indian deficits exposed the Home treasury to awkward claims, so that in 1903, when Idenburg induced Parliament to amend the Accounts Law, he was merely dropping an item that was barren of everything but controversy. When, however, at the same time, he formulated proposals for giving help to India, they were so keenly debated that he had to postpone them for further consideration, thereby exposing himself to a gibe from Van Kol, that he had a moral calling but no money.[15] After receiving the reports from his three experts in 1904, further delay became impossible, and he put forward new proposals. He would not allow any debt as due on account of former contributions, but admitted that since India had helped the Netherlands in times of need, so the Netherlands were morally responsible for helping India in its distress; thus he refused to recognize the debt of honour and was content to satisfy the less exacting claim of conscience. On these lines he persuaded the Chamber to approve a proposal that the Government should take over as a charge on home revenues the floating debt of India, amounting at that time to about f. 40 millions, and so enable the Indian Government, without getting further into

debt, to spend money up to that amount on unremunerative projects such as Fock had recommended, especially emigration, agricultural credit and irrigation. At the same time he was arranging for the Commission of Enquiry into Diminishing Welfare. But with this free grant of f. 40 million, the Ethical Policy was already translated into practice and, as if in reward for virtue, there was an immediate rise in the value of tropical produce, so that in the following year Idenburg left office "under a golden rain of tin". His successor in the following Liberal Ministry was Fock, who had furnished Idenburg with many of his ideas and now gave effect to them in his great constructive budget for 1907.

4. *Expansion.* Meanwhile the ethical policy was being applied in a different manner in the Outer Provinces. The operations against the Achinese, undertaken in 1873, were so costly and unfruitful that in 1884 a policy of "concentration" was adopted, which meant in practice that the Dutch stations on the coast were invested by the Achinese. From 1893 two men pleaded for a forward movement; the great scholar of Islam, Snouck Hurgronje, and a great soldier, Van Heutsz. The former, after studying Arabic in Leiden, and acquiring an intimate knowledge of Moslem life and thought by venturing to Mecca in disguise, had been appointed Adviser to Government on Mahommedan and Native Affairs; he urged that final and effective subjugation would be easy and that nothing else would give lasting results. Van Heutsz, who had come to India as a subaltern in 1872, advocated persistent attack by light columns; guerrillas should be met, he said, by counter-guerrillas. For some years Government resisted their advice and thought to achieve more, and at less cost, through the influence of a prominent Achinese who had come over to the Dutch. Suddenly in 1896 its new friend deserted, with all his Dutch arms and ammunition; and it could no longer refrain from active measures. Van Heutsz was placed in command of the operations, and succeeded within little more than a year in breaking the Achinese power. By 1904, after a war lasting more than thirty years and costing over f. 400 million and great loss of life, the whole of North Sumatra was pacified.

Van Heutsz had demonstrated that active measures were not

only more effective but less costly than defensive operations, and this was a great encouragement towards bringing the rest of the Outer Provinces under effective occupation. It was only by effective occupation that Government could ensure the welfare of the people; "without firm government, without order and security, no ethical policy";[16] moreover, by this time oil had been discovered in both Sumatra and Borneo. In the name of righteousness therefore, and in the interest of capital, Government took up the task of bringing the whole archipelago effectively under Dutch rule. In 1904 Van Heutsz was appointed Governor-General and, having a like genius for administration and war, he was able by 1906 to show a surplus in the budget. His armies made a triumphal progress over Tapanoeli, Jambi and Indragiri in mid-Sumatra; over Central Borneo; in mid-Celebes, and throughout Bali and the Sunda Islands to Timor. Although it was not until 1914 that the last soldier left Bali, the archipelago was so different when Van Heutsz laid down his charge in 1909 that it was "as if one had come into a new world".[17] For the first time since 1596 all the islands were effectively brought within a single Indonesian realm, and foreign powers could no longer intervene on the ground that the Dutch were neglecting their possessions.

In this work Snouck Hurgronje played his part. In older days arrangements with the native rulers took the form of contracts specifying their powers, and this hampered the Central Government in extending its activities. Snouck Hurgronje advised that the rulers in general attached little importance to the details of the contracts, which they regarded chiefly as a guarantee of their position in return for an acknowledgement of Dutch sovereignty. He therefore drafted a "Short Contract" (*Korte Verklaring*), first adopted in 1898, containing only three articles; the ruler admitted that his territory was under Dutch rule, undertook not to enter into political relations with foreign powers, and thirdly, agreed to comply with all such rules and orders regarding his State as Government should prescribe.[18] Since then the Short Contract has been generally adopted, and in 1927 out of 282 States only 15 were bound by long contracts. Rules governing the relations between Government and States under a Short Contract were published in 1919 and revised in 1927.

5. *Nationalism.* No sooner, however, had Government set the helm for an ethical course, than it ran into a new and unsuspected current of Nationalism. Up to the end of the nineteenth century a feeling of helplessness in the face of European superiority prevented any effective expression of popular dislike for foreign rule, and the peoples of India acquiesced in a position of dependence. But Western education was inspiring a few members of the upper classes with new ideals and, outside Java, the East was stirring in its sleep; the Chinese and Japanese went to war like Europeans; the Filipinos rose against Spain; the Chinese in the Boxer Rising braved the power of Europe; there was trouble in British India, events in Turkey were shaking the Moslem world, and in 1905 the victory of Japan over Russia started an impulse which was to transform the peoples in Netherlands India, as in other tropical dependencies, from the extreme of acquiescence to the extreme of self-assertion. The new attitude of the Javanese towards those who for three centuries had been their masters was suspect, yet it was not unwelcome, as it seemed to promise favourable results for the ethical movement; and even when, with further developments, many Dutch were disillusioned and the current of opposition to native claims grew stronger, nevertheless the principle of autonomy gradually replaced welfare as the main end of policy. Thus all developments in administration and in social and economic life from 1900 onwards show a gradual shift of emphasis, and, although 1912 stands out conspicuously in the process of change, there is no sharp dividing line, and the period from 1900 to 1930 must be treated as a single whole.

The Nationalist movement in Netherlands India has taken much the same course as elsewhere, and, partly because a later development, it has been greatly influenced by events in British India. But society in Netherlands India has certain features which have given the movement a special character. One is the predominance of Java, with two-thirds of the total population packed within one-fifteenth of the total area; and, as the seat of a centralized government with no semi-autonomous provinces as in British India, Java exercises an influence over policy more than in proportion to its population. Again, the indigenous peoples are free of caste, largely of the same religion and, at

least in Java, culturally homogeneous; moreover the women are even freer than in Buddhist Burma. On the other hand it is a plural society of a type that in British India one finds only in Burma, and even there less markedly; there are three social orders, the Natives, the Chinese and the Europeans, living side by side, but separately, and rarely meeting save in the material and economic sphere. The Chinaman, as middleman between European and Native, not merely in his practical monopoly of retail trade, but in the provision of capital and in many branches of agricultural and industrial production, tends to be a focus for the animosity of both; although in many ways he acts as a buffer, averting the direct collision of their rival interests. Then there is also a large Indo-European community, constituting in some ways a distinct element in the plural society. But possibly the outstanding distinction of Netherlands India is the presence of a large European population, of very diverse composition, not merely as a ruling class but actively engaged in production and in other economic activities. All these distinctive features have given a special colour to the Nationalist movement in Netherlands India, but, as in British India, the course of the movement has been conditioned by the lack of a firm purpose in the Government and by lack of confidence among the people; these, by their mutual reaction, have aggravated friction between European and Native, so that on the one hand there has been a hardening of heart against reforms, and on the other a growing tendency to violent measures and extreme demands.

6. *The Chinese Movement.*[19] Signs of new life appeared first among the Chinese. In 1900, as in earlier times of stress, the Chinese were falling into disfavour with Europeans. Raffles, Van der Capellen and Van den Bosch all tried to attack the position of the Chinese, but these always responded by finding new means of livelihood, and growing richer and more powerful. Under Liberalism the Chinese were the people who gained most from freedom of enterprise, and, when profits declined in 1900, Europeans felt more keenly the advantages which their Chinese competitors enjoyed in lower personal expenses and a lower wages bill. This feeling found a natural expression in protests against Chinese oppression of the Natives, and many regarded this as a main cause of the "diminishing welfare of the Javanese".

Fock shared this view, and in his Report on measures for the relief of India placed in the foreground the pressing need for a stricter control over Chinese activities. "It is unnecessary", he said, "to argue that they exercise a pernicious influence in the interior."[20] The measures taken by Government for the provision of pawn credit and agricultural credit were partly directed against Chinese influence, and an Adviser for Chinese Affairs was appointed. But a matter which touched the Chinese more keenly was the recognition in 1899 of Japanese as Europeans in their legal relations, while the Chinese in most of their activities were still left subject to the native courts.

Stimulated by these grievances the Chinese began to demand Western education. In 1901 they formed school committees, and the number of Chinese in European schools grew rapidly, as shown in the marginal table. But in 1905 they began also to found schools of their own, where Dutch was replaced by English, as of greater use commercially. This tended to weaken the hold of Government over the Chinese, already too loose for safety, and to strengthen the economic position of the English in commercial life. Arrangements were made therefore for the establishment of Dutch-Chinese schools, with financial and technical help from Government. The political and economic significance of the educational movement became more apparent in 1907, when the Chinese started trade committees, often comprising the same members as the school committees. Then in 1911 the foundation of the Chinese Republic aroused intense enthusiasm, not only among the large number of recent immigrants but also among Indo-Chinese, who, thanks in part to the Dutch separatist policy, were more Chinese than Indonesian. The display of the new Republican flag was discouraged; this led to boycotts and riots, which had to be suppressed by force, and it became clear that a new Chinese policy must be adopted.

Year	Chinese in European schools
1900	352
1905	731
1906	793
1907	958
1908	1894
1909	2997
1910	4074

The proposals of Fock had, in fact, proved impracticable, and the growing importance of the Chinese during a period of rapid economic progress led, despite Fock's recommendations, to the removal of the restrictions hitherto imposed on them. The pass

system was relaxed in 1904 by the grant of passes valid for a year instead of for a single journey; and in 1910 the right of free passage along the main highways without a permit was conceded, and Chinese notables were exempted from the obligation to obtain a pass. The first effect of the riots of 1911 was a revival of sympathy with the Javanese, and a demand for more stringent treatment of the Chinese who, it was said, "do more harm than ten epidemics; they are parasites on the people, and the greatest benefit that we can confer on the native is to get rid of them".[21] But the Government stood out against this current of opinion, and preferred a policy of conciliation. In 1911 it made an important concession to Chinese sentiment by recognizing Chinese consuls; in a succession of orders between 1914 and 1916 it allowed them greater freedom of residence and movement; in 1919 it abolished all restrictions on their place of residence within Java, and in 1926 extended this measure to the Outer Provinces. Thus, since 1900, the whole policy of segregation has been abandoned.

Meanwhile, the legal position of the Chinese has improved. In the Constitutional Regulation of 1854 they were placed on the same legal footing as natives, but the Government had powers to make exceptions to this rule. Under the powers thus given an Ordinance of 1855 applied to all Foreign Orientals in Java the European Civil and Commercial Code, while leaving them under the customary law in other matters. This measure, however, was not dictated by any theory of unification, but by a desire to safeguard Europeans in their commercial transactions. The Chinese acquiesced in this position until 1899 when, on seeing the Japanese placed on the same legal footing as Europeans, they began to agitate for a similar concession. Their demand accorded with the unification policy of Van Deventer and other Liberals, and when this policy led in 1914 to the abolition of the "police-roll", and in 1917 to a measure which permitted individual non-Europeans to subject themselves to European law, they participated in its benefits. Subsequent legislation in 1925 had the effect of removing the Chinese almost entirely from the civil jurisdiction of the *Landraad*, the court for natives; but their demand to be placed on the same legal footing as Europeans has not yet (1938) been granted.

These concessions to the Chinese of greater social freedom and a more Western legal status harmonized with the Liberal and ethical principle of equality before the law, and had the further advantage of encouraging the Chinese to feel more at home in Java; but the course of events among the Chinese had an influence upon the native world. The Chinese movement did much to stimulate political activity among the Natives, who noted that Chinese agitation was followed by concessions, and saw themselves pushed into the background as the Chinese grew stronger; and it was Chinese exploitation of the Natives that first gave the Nationalist movement an economic bent and gained for it the sympathy of the Europeans. But for the most part the Chinese and Native movements followed along different though parallel lines; only in 1925 did they intersect, when, for a short time, Chinese and Javanese Communists were associated in an uneasy alliance, which broke down owing to the difference in their aims. Chinese interests are capitalist and European, rather than nationalist and Native, and the introduction of representative institutions has strengthened their position by drawing them into alliance with Europeans against the numerical superiority and separate interests of the Natives. A measure of their advance since the beginning of the century is given by the announcement in 1930 that Government proposed to take steps for assimilating the legal status of Chinese and Europeans. Thus the problem, which to Fock and others at the beginning of the century, and to their predecessors of all schools of thought back to Raffles and Van Hogendorp, seemed to go to the root of native welfare, has been so far solved, though on lines far other than those formerly advocated, that now, one is told, "there is no Chinese question". But the Chinese remain a race apart, and their contact with the other sections of the community is still strictly economic.

7. *The Native Movement.* Although the sentiments which inspired the Nationalist movement may be traced in some of the earliest Javanese periodicals so far back as 1864, the dawn of Nationalism may be dated from the emergence of a remarkable girl, Miss Kartini,[22] a daughter of the Regent of Japara, who, in accordance with a practice dating from 1850 or earlier, had received part of his education in a European family. In 1895,

when she was sixteen, the local Resident persuaded her father to let Miss Kartini and a sister see something of European society, and in 1900 she was invited to stay in Batavia with the Director of Education. Under this sympathetic encouragement she developed a project of female education: "Educate the women and you will find sturdy co-operators in the splendid and gigantic task of civilizing millions." She herself set an example by founding a school for the daughters of officials. She was enthusiastic also for the teaching of Dutch, "not to make the Javanese an imitation European, but that he may better understand his people, and India and the Netherlands be ever more closely associated". In 1903 she married a Javanese official who sympathized with her ideals, but in the following year her work was cut short in childbirth. In her ideals one can see Nationalism in the germ; she wanted education, not for its material benefits, but as an instrument for the advancement of her people, and her work is important, not merely for what she did and for what she wrote, but still more as showing that Nationalism was already present in the social order as in a saturated solution, ready to crystallize at the first shock. The shock came subsequently from outside with the victory of Japan over Russia, but the vital force of Nationalism came from the people themselves.[23]

Thus, when Dr Waidin Soedira Oesada, a retired medical subordinate, began in 1906 to tour the country with the advancement of Java as his text, he found a responsive audience, and in 1908 he was able to create the first Nationalist society, *Boedi Oetomo*, the Glorious Endeavour. The latent dislike of foreign dominion rose above the threshold of consciousness and took on a positive character, and the first Congress, held in 1908, was the earliest demonstration of Javanese Nationalism as a living creed. This organization has done, and is still doing, useful work, but chiefly among those with a Western education; it has never been a popular movement and has on the whole exercised a moderating influence on Nationalist activities.

The next development was of a very different character; it was popular and primarily economic. So far back as 1892 attention had been attracted to Chinese exploitation in the *batik* industry, but nothing had been done to stop it, and in 1911 the Javanese *batik* traders took measures to protect themselves

against the sharp practices of the Chinese; with their religion as a symbol of social unity, they formed a society under a title subsequently abbreviated to *Sarikat Islam*. In 1912, there were anti-Chinese riots and, although Government at first suspended the society, the ban was removed after a short period of hesitation, and the movement, passing under the control of leaders of the educated classes, spread rapidly. In 1913 a Congress was held and at the instance of the leader, Tjokro, it passed a series of resolutions in favour of national advancement "in ways which do not conflict with Government or the Law".[24] Thus the movement, originally local and economic, became general and political. By 1915 there were 56 local societies, and in the following year the Central Association obtained the privilege of legal incorporation as a union of the local societies.

Meanwhile, the course of the Nationalist movement had been deflected by a current from a new source. Although it has always been a Dutch tradition to assimilate Indo-Europeans with Europeans of pure blood, there is in fact a cleavage of interest between permanent residents (*blijvers*) and temporary residents (*trekkers*), and in some matters the *blijvers* stand closer to Natives than to the *trekkers*. In 1912 an Indo journalist, Douwes Dekker, a great-nephew of Multatuli, created a great stir by an article in which he claimed "India for us, the *blijvers*, domiciled Europeans, Indos and Indonesians, who have the primal right of birth".[25] Just about the same time a gross attack by the European Medical Association on Indo and native doctors aroused the resentment of a native gentleman, Dr Tjipto, who had been prominent in the foundation of *Boedi Oetomo*, and had also shown his public spirit by abandoning a lucrative practice for plague work under Government, for which he had been decorated with the Order of Orange-Nassau. He joined Dekker, together with another prominent Indonesian, Soewardi Soeryaningrat, a lad of twenty-two who, though of princely origin, had been reduced by poverty to working as a compositor. With their help Dekker formed the Indian Party, comprising Indos and Indonesians, and aiming avowedly at independence. Idenburg, who, by this time, after a second term at the Colonial Office, had succeeded Van Heutsz as Governor-General, declared the movement unconstitutional and warned Dekker to be prudent.

But Dekker held his course and, in connection with the celebration of the centenary of Dutch independence in 1913, he aroused great indignation, not least among leaders of the ethical school like Van Deventer, by comparing the situation of India under Dutch rule with that of the Netherlands under French rule. Orders were passed for the internment of the three leaders, but they were allowed to proceed to Holland. The party broke up, and the Indo members joined Insulinde, an association which had long been in existence on non-political lines; but on the return of Dekker in 1923 his Indian Party came to life again as the National Indian Party (N.I.P.).

The intervention of the Indos in Nationalist politics was soon followed by European intervention, but in circumstances which were wholly new; the World War had broken out, and the policy of Decentralization had gone on from the institution of local councils under the Decentralization Law of 1903 to the institution of a central representative assembly, the Volksraad, under the law of 1916. This legislation demanded a new attitude towards the Press and political gatherings. The religious intolerance which accompanied the dawn of Nationalism in Turkey and Egypt led the Government in 1900 to take steps for preventing the importation of inflammatory Mahommedan propaganda (a provision which was found very useful during the War to keep out seditious literature from British India, and again a few years later to keep out Communist literature from China). But the old Liberal catchwords of Freedom of the Press and Freedom of Assembly were congenial to ethical ideas, and in 1906 a new Press Regulation emancipated the Press by substituting punitive for preventive supervision. At the time this was a concession to the European Press, as the old Act had rarely been enforced except against European journalists, and in 1906 the few native papers were insignificant and in the hands of Europeans. It soon, however, turned to the advantage of the Nationalists when, from 1908 onwards, they began to found periodicals, which rapidly became more extreme in their criticism of Government. Similarly Freedom of Assembly was first granted for the benefit of Europeans. The Decentralization Law of 1903, leading up to the election of Europeans to the local Councils, prescribed that meetings in this connection would

not be regarded as political gatherings such as were prohibited under the Constitutional Regulation of 1854 (Art. 111). By 1915 "in view of the growth of political life among the people it was, in fact, hardly practicable to maintain this prohibition",[26] and it was cancelled, with a provision that the cancellation should not take place until notified. From that time it was practically a dead letter, although the prescribed notification was not published until 1919. Thus when the Volksraad Act was passed in 1916 the Freedom of the Press and Freedom of Assembly had contributed towards creating a new political atmosphere.

Although the Nationalist movement from the outset met with strenuous opposition from a section of the European community, many regarded it with qualified approval, as according generally with ethical ideas. Van Deventer and Van Kol supported it warmly, and it was in line with the views of Snouck Hurgronje, who preached as the best safeguard against the danger of Mahommedan intolerance a policy of "Association" between India and the Netherlands, much along the lines advocated by Miss Kartini. But the sympathy of Government was passive, and he reproached it with shilly-shallying and supineness. "If Max Havelaar sings a war-song, or Dekker sounds the alarm in the *Evening Post*, or half-rebellious Chinese raise a clamour, they get what they want; natives who ask for it politely, don't."[27] But the Indian Government could not take positive action without permission from home, and officials brought up under old conditions did not easily change their point of view; they were disciples of the school of *rust en orde* and failed to realize that "in future the goal of policy must be not rest but progress". It was, in fact, the first duty of Government to suppress unrest, and it is not strange that in economic disputes it acted promptly against workmen who might break the peace, and took the obvious precaution of strengthening the political secret service. But though it seemed to some Europeans "as if the pioneers on the path of progress were regarded as disturbers of the public peace", there were ominous growls from others, however much they might sympathize with ethical principles in abstract, when the application of ethical principles led to encroachments on their preserves. In 1909, when the lawyers resisted the opening of a new Law School, a leading European newspaper stated[28]

that the Native, as Native, lacks the quality of an independent judgment and opinions; and the project of a new Medical School in 1913 was greeted by the Medical Association with a protest that the moral virtues of a doctor were, by nature, foreign to the East, and that men trained in the new school would make a pastime of seduction and a living from abortion. It may be worth noting that the importance of tact and good manners in dealing with the people was inculcated in a Government Circular which appeared at about the same time as a similar Circular in British India. Taking into account all these currents of interest and opinion, it must be recognized that the direction of affairs by Idenburg during the early years of the Nationalist movement was extraordinarily wise and sympathetic.

The outbreak of the War gave a new turn to European opinion. One of its first effects was to cut off the colony from its usual markets; planters and other leaders of economic life could no longer sell their produce nor purchase their requirements, and there was a move to develop local markets and local manufactures. Before long it stopped the supply of young assistants, and a need arose for the local recruitment and training of a technical staff. At the same time the problem of defending the colony assumed a new importance and a new character, and, under the influence of a struggle, represented on all sides as being waged for human freedom, other colonial problems were transformed. "In 1915 autonomy was in the air."[29] In these circumstances the European population began to take a new interest in colonial policy, and the creation of the Volksraad gave them a new opportunity to participate in the direction of colonial affairs.

In this matter the different character of the European element in British India and Netherlands India is of great interest and importance. In British India the much smaller European population is of one caste, dominated by the Public School tradition; but in Netherlands India men of the same standing, especially among officials, may profess various brands of Liberalism and even Socialism without incurring suspicion as cranks or outsiders and, what is even more remarkable, they may ventilate their opinions and criticize the policy and actions of Government in public and in the Press. Moreover, in British India, the European

element, both in official and non-official life, is confined to the higher ranks; in Netherlands India all down the scale, among both officials and non-officials, there are Europeans, and many are of far humbler social standing and on far lower pay than in British India. These men often belong to democratic political associations and to trade unions in Europe, and they bring their politics and their unionism with them to the East. During the economic progress since the beginning of the present century there was a rapid increase in the numbers of Europeans of all classes, and, from the very beginning, political activities began to reflect the political organization of the Netherlands. In 1914 the Indian Social Democratic Union (I.S.D.V.) was formed to represent the S.D.A.P. (Social Democratic Labour Party) at home; this was soon countered by the N.-I. *Vrijzinnige* (Liberal) *Bond*, corresponding to the moderate Liberals of the Netherlands, which aimed to unite moderate Progressives of all races. In opposition to these secularist parties there were formed the Christian Ethical Party and the Indian Roman Catholic Party, representing the two main branches of the Dutch Clerical Party; at about the same time the I.S.D.V. developed revolutionary tendencies and the more moderate elements under their leader Cramer split off to form the Indian Social Democratic Party (I.S.D.P.), leaving the original I.S.D.V. an extremist party with Communist views. At the opening of the Volksraad in 1918 every non-clerical European was *vrijzinnig* and progressive, aiming at the development of Java as a province of Europe in the East. Then the liberal policy of the Governor-General Van Limburg Stirum led to a reaction. Big Business scented danger, and said so, forcibly. Others followed the lead with more discretion and, while admitting the desirability of progress, urged the need for caution. This brought about the formation of the Political Economy Bond (P.E.B.), corresponding with the *Vrijheidsbond* at home. Thus political activities have come to show a more European colouring of party rivalry than in British India.

8. *Revolution*.[30] The influence, first of Indos and then of Europeans, was soon apparent in the Nationalist movement. The meeting of *Sarikat Islam*, convened by the new Central Association in 1916 and attended by 80 local associations representing 360,000 members, took a hint from Dekker in its name,

the First National Congress, which signified, as Tjokro explained, a new objective "to raise native society to a nation"; but he hoped that this would happen under the tricolour and with the support of Government, and exhorted members to respect the law. The Congress of the following year, however, betrayed the hand of Tjokro's new European allies by changes in both objects and methods; it was anti-capitalist and revolutionary. But in both respects Tjokro was still cautious; his funds came mostly from the few native capitalists and the war against capital was therefore limited to "evil capitalism" or, in other words, to foreign capitalists; and the threat of revolution was conditional on the failure of constitutional methods. That was still the attitude of *Sarikat Islam* on the opening of the Volksraad in May 1918.

The Governor-General at this time was Van Limburg Stirum who, on succeeding Idenburg, soon showed himself sympathetic —in the opinion of many Europeans, over-sympathetic—with Nationalism.[31] The electorate for the Volksraad was largely official, and, when *Sarikat Islam* failed to obtain a seat, Van Limburg Stirum nominated Tjokro as its representative. Probably he did not then foresee the flood of criticism from all quarters which embarrassed Government during the first session.[32] The next session, at the end of 1918 when the whole world was in a fever, was even more violent. Matters came to a head when Cramer succeeded in organizing a Radical Block (*Concentratie*), comprising the I.S.D.P., Insulinde (the successor of Dekker's Indian Party), S.I. (*Sarikat Islam*) and B.O. (*Boedi Oetomo*). This seemed to score a great victory when, two days later, immediately after a revolutionary speech by an Indo member and news from home of a revolutionary outbreak, a message from the Governor-General suggested far-reaching reforms.

These developments reacted on the policy of *Sarikat Islam.* The leaders welcomed European support, and turned first to the Radicals, who offered them much, then to the Socialists, who offered more, and finally to the Communists, who offered most; and the Third National Congress in 1918 almost neglected Nationalism in its obsession with Socialist and Communist catchwords. Tjokro formulated a programme including Minimum Wages, Maximum Hours, Protection of Child and Female Labour and Old Age Insurance, and announced that unless these reforms

were approved, *Sarikat Islam* would set up an administration to supersede that of the Government. This programme was not quite so patently absurd in Java as it would have been in British India, for capitalist industry was much more closely concentrated, Trade Unionism was active both among Europeans and Natives, and the firm suppression of strikes had aroused acute resentment. The adoption of resolutions on the lines of Tjokro's proposals was followed by a Trade Union Alliance, comprising the Pawnshop Workers' Union, the Industrial Workers' Union, the Union of Rail and Tramway Workers, the newly formed Union of Sugar Employees and twenty Unions in all, with a nominal membership of 77,000. But the Indonesian labourer was too poor and ignorant for any lively interest in Socialism, and the great bulk of the Party cared only for Nationalism with Islam as its symbol. The true explanation of the attitude of the Third Congress was that the leaders had been captured by the prestige of their European allies, and by their greater organizing capacity and better understanding of political tactics; but this new line was separating the leaders from their followers and they were heading for a split. For a time the bolder policy seemed attractive, and the Fourth Congress in 1919 represented two and a half million members. When this refused to adopt extremist measures, Semaoen, the leader of the revolutionary section, formed a Communist Party (P.K.I.); but there was no open breach. At the next Congress, which could not be held till the beginning of 1921, Tjokro still held the two wings together by ingeniously reconciling Socialist doctrines with the principles of Islam; but at the Sixth Congress, at the end of the same year, held while Tjokro was facing a charge of perjury, his lieutenant, Abdul Moeis, had less personal influence, and the revolutionary section of *Sarikat Islam* broke off.

The following year saw new developments. The old Liberal minister, Fock, succeeded Van Limburg Stirum as Governor-General; native graduates from Europe first became prominent in the movement, and, largely under their influence, the movement took over from British India the policy of non-co-operation, and became more revolutionary or, as it was termed, Communist. Another development was the co-operation of Nationalists throughout the archipelago in the First All-India Congress.

It has never been the Dutch policy to encourage Natives to proceed to Europe, and in 1900 there were only five Indians in the Netherlands.[33] But from then on the number grew rapidly, and in 1906 they took to meeting in informal gatherings which led in 1908, when the number had risen to twenty-three, to the forming of an Indian Society to encourage intercourse between all students, Indos and Indonesians. Most of these looked forward to a career in Government service, and especially in the Civil Service. This raised difficult problems. In British India, with its tradition of direct administration and disregard, at least in theory, of racial differences, the demand of Natives for admission to the higher services could not well be justly resisted. But in Netherlands India the position was very different. Alongside the European Civil Service there is a Native Civil Service, partly hereditary and purporting to represent the people, and these hereditary officers, the 76 Regents, draw pay as high as all but a few selected members of the European Civil Service. That is not the only difference. In British India the administrative Civil Service, grade for grade, ranks above and draws higher pay than the specialist services. But the administrative Civil Service in Netherlands India was, and is, ill paid in comparison with that of British India. When the extension of State activities led to the recruitment of departmental specialists, in medicine, engineering, forestry, etc., competent graduates could not be obtained on the pay of the administrative Civil Service, so that, in respect of salary, the administrative service became comparatively unattractive, though among the peoples of India it still ranked highest in prestige. The admission of natives to the European Civil Service meant therefore the abandonment of the principle of dual administration, and of the basis of Government in inherited authority. Liberals like Van Deventer ridiculed the old system "with two drivers to one coach",[34] and Snouck Hurgronje supported native claims as harmonizing with his policy of Association. On the other hand Conservative instinct was against cutting loose from an old tradition which had worked well in practice, and preferred a system of government with an organic character to one mechanically constructed on the abstract principles of Liberalism. These feelings gradually found expression in the argument that society in a tropical dependency

is essentially dual in character, and that its dual character is best represented by a dual administration, with two distinct elements representing severally the European and native sides of social life. The same considerations did not apply to specialist services, essentially Western in their character, in which native members would merely be applying Western specialist knowledge; but in general administration, the peculiar function of the Civil Service, the maintenance of a dual element was regarded as essential. It was this view which finally prevailed. The specialist services, carrying higher rates of pay than the Civil Service, and in European esteem of higher rank, were thrown open to natives, but it was decided that the European Civil Service, and therefore of course the Native Civil Service, should retain their former racial character. It should be mentioned that this decision did not, in theory, debar natives from high administrative rank, as the highest posts are often filled by officers from specialist services and, to take two recent examples, a Forest Officer may rise to be Director of Finances, and an Engineer to be Director of Economic Affairs.

But, as usual, Government arrived at its decision very slowly. Success in the Civil Service examination does not, as in British India, confer a right to an immediate appointment, but merely qualifies the candidate for an appointment. About 1900 there was a long waiting list, and there were so many qualified candidates that no examination was held for two years. Thus Natives who passed the examination, when it was subsequently revived, had no guarantee of an appointment. One was appointed but was immediately transferred to the Agricultural Credit Service, another was posted directly to the Credit Service, and a third, whose claims were disregarded, had to join the Native Civil Service. Even the way to an appointment in one of the specialist departments was not made easy. One lad who wished to enter the Judicial Service was kept waiting two years for an answer; another who qualified for the higher Forest Service on f. 150 was offered a post as native forest officer with a prospect of f. 100 after three years on probation. Taking these matters into account together with the attack on the Law School and the Medical School, one is not surprised that native students gradually became embittered, and responded warmly to revolutionary

propaganda. In 1922 this bore fruit in the transformation of the Indian Society in the Netherlands, comprising both Indos and Natives, into a racial Indonesian Society, and the members who came out to India threw in their lot with the extremists.

India at that time seemed ripening for a revolution.[35] The post-war depression multiplied industrial disputes, and a railway strike in May 1923 was met with an amendment of the Penal Code by a provision (Art. 161 *bis*) imposing heavy penalties on action likely to dislocate economic life. This was only one of the measures taken against labour in what Nationalists term "the dark days of the Government of Fock", a leader of progress in 1906 who had been left behind by the current of affairs. His policy of repression encouraged economic discontent and revolutionary views, and at the Congress of 1923 the extremists attempted to capture the S.I. organization for Communism; although this attempt failed they were able to attract large numbers of the members to a new organization, the Red S.I., which adapted the Communist policy of the P.K.I. to rural requirements, and formed a nursery for the purer Communism of urban labourers. For some time Semaoen had been in touch with Russia, where the Bolsheviks looked on Indonesia as a strategic centre no less important in propaganda than in naval and commercial affairs. This led to an understanding between the Indonesian and Chinese Communists, which took effect in a series of strikes, notably a great strike in the metal industry in 1925, forcibly suppressed under the new legislation. In 1926 Fock gave place to a more sympathetic Governor-General, de Graeff; but the movement ran its course and sporadic acts of violence led in November 1926 to "carefully planned and widely extending revolutionary operations, which indicated that the conspirators were able to reckon on at least the connivance of a large part of the native population". The rioters even managed to hold the telegraph office in Batavia for some hours; and, after order had been restored in Java, there was an outbreak in Sumatra. But the criminal law was amended so as to be more effective, the leaders were interned, steps were taken to improve the secret service and to restore contact between officials and the people; and these measures were effective in breaking up the revolutionary party.

The failure of the revolutionary movement allowed the older organization, *Sarikat Islam*, to resume its position as the main organ of Nationalism but, under the guidance of the students from Europe, it became less exclusively political and paid more attention to promoting education and to studying economic conditions;[36] schools were founded, some on a narrow religious basis, some narrowly Communist and others aiming to adapt Western culture to Eastern needs, but all standing apart from the official educational organization and known therefore as "wild schools"; similarly "wild" co-operative institutions were started, and the most ambitious effort was the formation of an Indonesian Bank. Much of this work was useful; but it was less exciting than political activity, and in 1927 the Study Club in Batavia organized the P.N.I. (*Perserikatan Nasional Indonesia*) to link up all Nationalist movements, *Boedi Oetomo*, *Sarikat Islam*, etc., with the Study Clubs. At the same time *Sarikat Islam* was hardening in the direction of non-co-operation, and Tjokro, although once again offered a seat in the Volksraad, was persuaded not to accept nomination.[37] At the S.I. Congress in 1927 the President was openly militant; "King John", he said, "signed Magna Charta with the pen, but not until his people had taken to the sword." In the competition for extremism, agitation was making renewed headway in the P.N.I. when some internments led to its dissolution. In 1930 S.I. (now P.S.I.I.), representing the element of Islam, and adopting a policy of non-co-operation with Government, broke off from the secularist Nationalists, who grouped themselves in three organizations, differing not in aim but in method, and contending among themselves for leadership of the movement. These three organizations were the Indonesian Party (P.I.), successor to the P.N.I., which, like P.S.I.I., held strictly by non-co-operation; the *Persatoean Bangsa Indonesia* (P.B.I.), representing the Study Clubs and a policy of conditional co-operation; and the *Partai Rajat Indonesia* (P.R.I.), advocating co-operation with Government but attracting little support among the people. All the politically minded elements, however, aimed at breaking loose from the Netherlands; their only difference was how this might best be achieved,[38] and the extremists of yesterday have become the moderates of to-day.

Among Europeans also an extremist, or Diehard, movement was gathering strength. Many Europeans were irritated by the succession of strikes after 1921, and alarmed by the Communist outbreak of 1926–27; and the reaction against Indian Nationalism found expression in 1929 in the formation of the Vaderlandsche Club. In the elections of 1931 strictly racial parties gained in strength, and those which had their basis in the association of all races for the common welfare collapsed; of the two association-parties formerly most powerful, the N.-I. *Vrijzinnige* Bond (N.I.V.B.) and Political Economy Bond (P.E.B.), the former had only one candidate elected and the latter only two. It was notable that even the Christian religious parties were organized on racial lines, and Mahommedan parties appeared racial rather than religious. In 1934 the group of Europeans most sympathetic with Native aims, known as the Stuw Group, could no longer publish its Journal, and the organ of the Civil Service remarked that it had suffered the natural fate of idealists; whereas many Europeans, more realist in temperament, who found the Vaderlandsche Club too moderate, have formed a Fascist organization. On the opposite side the Women's Movement and still more the Youths' Movement tend to become more aggressively Nationalist. Thus the course of political development, among Europeans and natives alike, has shown a steady trend in the direction of extremes.

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NOTES

[1] Hurgronje, p. 80.
[2] Van Deventer, *Een Kamer*.
[3] Kuyper, *Ons Program*, p. 326, and Art. 18.
[4] Idema, pp. 176, 140.
[5] *Ib.* p. 26.
[6] *Enc. N.-I.* v. 408.
[7] Colenbrander, *Van Deventer*, i. 153; Brooshooft, pp. 18, 19.
[8] Colenbrander, *Van Deventer*, i. 181.
[9] Colenbrander, *Van Deventer*, ii. 1.
[10] Brooshooft.
[11] Idema, p. 159.
[12] Van Deventer, *Overzicht*.
[13] Kielstra, *De Financiën*.
[14] Fock.
[15] Idema, pp. 167, 191.
[16] Gonggrijp, *Schets*, p. 197.
[17] Colenbrander, *Geschiedenis*, iii. 91; Van Vollenhoven, *Indië Gisteren en Heden*.
[18] Kleintjes, i. 60 and 61 n.
[19] Official: *Herzieningsverslag*, p. 291; Vleming; Bruineman in Colijn-Stibbe, ch. iv.
[20] Fock, *Beschouwingen*, p. 4.
[21] Idema, p. 269.
[22] Colenbrander, *Van Deventer*, ii. 311; and Kartini, *Door Duisternis tot Licht*.
[23] Official: *Herzieningsverslag*, p. 293.
[24] Colenbrander, *Geschiedenis*, iii. 130.
[25] Idema, p. 289.
[26] Kleintjes, i. 152.
[27] Hurgronje, pp. 83, 78, 91.
[28] Colenbrander, *Van Deventer*, iii. 357.
[29] Dr J. W. C. Cramer, *Volkscredietwezen*.
[30] Colenbrander, *Geschiedenis*, iii. 131.
[31] Stokvis, p. 126; Van Vollenhoven, *Indië Gisteren en Heden*, p. 10.
[32] P. Bergmeijer.
[33] Hurgronje, p. 81; Colenbrander, *Van Deventer*, iii. 239; R. M. Noto Soeroto.
[34] Colenbrander, *Van Deventer*, i. 212.
[35] Cramer, *Koloniale Politiek*, i. 59; Toynbee, *Survey of Int. Affairs*, 1926, p. 438; Periodicals: *Indisch Verslag*, 1928, App.
[36] Cramer, *Koloniale Politiek*, i. 61.
[37] Periodicals: *Indisch Verslag*, 1928, App.
[38] Periodicals: *Indisch Verslag*, 1932, i. 19, 21.

CHAPTER IX

ADMINISTRATIVE AND POLITICAL REFORMS

1. *Administration in* 1900. The administrative machinery which had served well enough for a policy of *laisser-faire* in Java was quite inadequate for a constructive policy of building up human welfare throughout the archipelago, and quite unsuited for the creation of an autonomous state; the present century has seen therefore a rapid succession of reforms, revisions, readjustments (*hervorming*, *herziening*, *herschikking*) which many officers who have survived them seem to regard as a wakeful nightmare that has never let them go to sleep. Before describing the reforms it may be well then to recall the administrative system at the beginning of the century.

The supreme authority rested with the Colonial Minister responsible to Parliament. In India government was vested in the Governor-General, but in legislation and certain other matters he was required to consult, and ordinarily to act with, the Council of India, comprising a Vice-President and four Members, all officials. The several branches of civil administration were distributed among five Departments: Internal Administration; Education, Religion and Industry; Civil Public Works; Finance; and Justice. The law provided for a Council of Directors, but in fact their opinion was taken in writing and they never met for mutual discussion. The machinery of central administration comprised also the General Chamber of Accounts, and the Secretariat. The administrative Civil Service, which was quite distinct from the Secretariat, was distributed territorially, and included distinct European and Native Services, in different cadres and with different functions.

The territories under the Indian Government were distributed on two different systems, political and administrative. Politically, there were Government Lands under Direct Rule, and Native States under Indirect Rule; in the former the people owed direct allegiance to the central government and the whole machinery

of government was of Dutch origin, whereas in the latter the people owed direct allegiance to a native ruler who recognized Dutch suzerainty, and the machinery of government retained much of its native form. But the distinction between Direct and Indirect Rule was of legal rather than of practical interest, for in the parts under Direct Rule it was the Dutch policy to leave the people so far as possible under their own heads, and in the parts under Indirect Rule (so far as effectively administered) the native ruler had little freedom of action but was expected to take the advice of Dutch officials. Chinese, and other Foreign Orientals, were under headmen of their own class, appointed by the Dutch Government. The political basis of the whole system was the maxim "Like over like is welcome", matters relating to Europeans being treated so far as possible by European officers, and those relating to Natives or Foreign Orientals being treated, at least in the first instance, by their own heads.

Alongside, and often cutting across this political distribution, there was the administrative distribution. The administrative arrangements differed somewhat in the home province, Java and Madura, and the remaining area, known collectively as the Outer Possessions (since 1921, Outer Provinces). Both were divided into *Gewesten*; 22 in Java and 17 in the Outer Possessions. In Java the *Gewesten* were all termed Residencies; in the Outer Possessions the *Gewesten* were ordinarily Residencies but an area deemed of greater importance might be a Government.

In Java two Residencies, Solo and Jogya, were composed of Native States, and the rest were wholly Government Lands. In the Government Lands each Residency comprised a certain number of Divisions (*Afdeelingen*) under European Assistant Residents, and Regencies under Native Regents; the Division ordinarily coincided with the Regency and there were four to six of each in a Residency. The European staff of a Resident comprised his Secretary, Assistant Residents and Controleurs, usually one Controleur (Inspector) for each Regency; all these belonged to the European Civil Service. The Regent, directly under the Resident or under the Assistant as his representative, but *not* under the Controleur, had a staff consisting of his Patih, Wedānas and Assistant Wedānas; all these belonged to the Native Civil Service. Each Regency comprised three or four

Districts under Wedānas, and each District three or four Sub-districts under Assistant Wedānas; a Sub-district contained typically about fifteen villages.

In the Outer Provinces, the *Gewesten* ordinarily comprised both Government Lands and Native States. They were divided into *Afdeelingen*, sometimes under an officer locally recruited, often from the army, and known as *Gezaghebber*. In the Government lands there were no Regencies, but the *Afdeelingen* were divided into Districts and Sub-districts, with a bewildering variety of local names, which were under native officers, directly subordinate to the Afdeeling's-head. So far as possible these units were built up on the existing native units but, if necessary, were constructed artificially for administrative convenience. Thus in the Outer Provinces the direct authority of European officers extended a stage lower than in Java, down to the district; the native heads were directly subordinate to European officials; and they might be merely government officials without inherited personal authority. Also civil officers in the Outer Provinces had wider magisterial and revenue functions than in Java.

With regard to the Native States in Java there are special arrangements; in the Outer Provinces almost all are now bound by the Short Contract, already mentioned. It must be remembered, however, that in 1900 the Short Contract had only recently been introduced, and that elsewhere much of the territory was still practically unadministered.

The contrast between the systems of administration in Netherlands India and in British India has already been noticed; but it is so fundamental that no one acquainted with either system can hope to understand the other unless he has grasped the contrary principles on which they rest. It may not be superfluous, therefore, to recapitulate the main distinctions. Some differences are obvious, and chiefly the dual system of administration in Netherlands India, with the Native Regent alongside but not under the European Controleur. In Dutch colonial administration in its most characteristic form, as seen in Java, the Regency is the basic unit, whereas in British India administration centres round a much larger area, the District (which may roughly be equated with the Residency), and all smaller charges are merely parts of the District. This difference of size in the basic unit of

administrations is typical of the difference in system; for the British system is far less intensive than the Dutch. Normally in British India a European Civil Servant of the lowest rank has charge over an area equal to two or three Regencies, whereas for each Regency in Java there are two European Civil Servants, the Assistant Resident and the Controleur; there is indeed in British India no counterpart of the Controleur, a junior officer entrusted solely with inspection and supervision and with no magisterial, revenue or police authority. In British India again the native Civil Servant of the lowest rank ordinarily has charge over the same area as a Regent, the native Civil Servant of the highest rank in the Dutch system; there are smaller units in British India for revenue and police administration, but one does not, as in Java, find a Civil Servant in charge of general administration over a small tract of some fifteen villages. A further illustration of the greater intensity of the Dutch system may be seen in the *vergaderingen*, already described, which knit together the whole of Dutch rule but have no place in the British system.

All these differences are obvious on a casual survey; but the essential contrast of principle on which they rest is by no means so readily apparent. It has been mentioned that the District may be roughly equated with the Residency; but no equation is possible between the character and functions of the District Officer and of the Resident. In British India the Civil Servant is primarily a magistrate and collector of revenue; so far as he is an instrument of the general policy of Government, he is a servant of the law and must keep within the law; he has no police functions in the narrower sense of the term police, that is, in respect of crime, nor, except when District Magistrate, has he any authority over the police force, and even as District Magistrate usually confines himself to general supervision of police work. But in Java the Civil Servant is primarily an instrument of policy, and therefore a police officer both in the wider and the narrower senses; his magisterial functions, if any, are insignificant; and his revenue functions, though effective, are informal. The English reader, however, must bear carefully in mind the connotation of the term "police officer" in Dutch colonial administration. For although Civil Servants are specially charged with police duties in the narrower sense and relating to

the prevention and detection of crime, their duties under this head fill but a small part of the wide sphere of their activities, covering the whole of social life, so that they have aptly been described as "social engineers". As such, by a long tradition extending back to the beginning of Dutch rule, their primary function is not to enforce the law but to give effect to the policy of Government, and although since 1854 the use of "gentle pressure", beyond the limits of the law, has often formally been deprecated, it has in practice always been permitted, and even encouraged, whereas officers who were remiss in using it were liable to censure as "recalcitrant administrators".

2. *Decentralization.* Long before 1900 there was a growing feeling that this administrative machinery was out-of-date owing to excessive and increasing centralization; that "the Government of India had gradually become a pyramid standing on its peak".[1] That view is not wholly just. The machinery was indeed centralized and out-of-date; but in certain respects it was no more centralized than under Crown rule, and, in other respects, it was far less centralized than the administrative machinery of British India. "The course of the Indian Government", it was said, "is laid by the Colonial Minister, and the centre of government lies not in India but at home."[2] But that was the established practice "before there was a cable, before there was an overland mail, before the Regulation of 1854";[3] de Eerens could not sanction a monthly expenditure of f. 25 without permission from Baud, and Van der Capellen got into trouble for selling coffee against the wishes of the King. On the other hand, the Regents, and to some extent the Residents, enjoyed far greater liberty of action than any official in British India.

The changes of 1854 did not increase centralization but made centralization a cause of weakness rather than of strength. Van den Bosch, taking over the administrative machinery built up since 1803, managed, by extending the functions of the Controleurs, by strengthening the Regents and Village Headmen, and by linking up the administration with *vergaderingen*, to create a powerful, responsive and centralized instrument of government, informed by a single will, unwavering and undivided. With the aid of this Leviathan, working through a chain of personal authority, he maintained *rust en orde* with, ultimately, a single

object, the profit of the Crown. But Leviathan had only one pair of eyes, could move only in a straight line and no one except Van den Bosch himself could change its course; the legislation of 1854 gave it a hundred pairs of eyes, and complete freedom of movement, but a hundred drivers. For close on twenty years Van den Bosch and Baud ruled India; they could not know so much of India as the general body of experts after 1854, but they knew what they wanted, and were able to do what they wanted without question. Although after 1854 the Colonial Minister for the time being could draw on the common stock of knowledge contributed by a diversity of people, the new system not only permitted but encouraged criticism; and a rapid succession of Ministers, often sharply conflicting in political opinion, and with an average tenure of office of less than two years, had to justify their measures to the large body of neutral opinion, in and outside Parliament, which would support or oppose them with reference to their general bearing on the welfare, not of India but of the Netherlands, and they had to carry them in the face of party opposition; thus one vital defect of the Indian Government after 1854 was infirmity of purpose. Again, the system of Van den Bosch rested on authority, on will; but the main guiding principle of the Regulation of 1854 was to bind down Leviathan with chains of law. Only by a very gradual process did the rule of law become effective, but in proportion as it made headway it sapped the power of unregulated will.

Immense benefit accrued to India from giving Parliament control over its government; many, if not most, of the improvements in Indian administration originated with private members of Parliament, and many measures which might have inflicted incalculable damage were blocked by parliamentary opposition. But, on the other hand, Parliament acted as a brake on wise as well as on unwise measures, and subordinated Indian interests to home politics; and the discussion of Indian affairs was repeatedly cut short by the dissolution of Parliament, either in some domestic crisis or by its natural decease. Thus on one matter after another a final decision was deferred: the abolition of compulsory cultivation and of compulsory services, freedom of enterprise for capitalists, freedom of ownership for peasants,

the pacification of Achin, Chinese policy, the separation of home and colonial finances and, at the root of all, the organization of more efficient administrative machinery; all these and many other problems dragged on from one Minister and from one Governor to the next and from one generation to another, not because of the centralization of government, but because at the centre of government there was no effective will. The legislation of 1854 which brought unregulated will under the control of law was a great step forward; but it created a system of law uninformed by will and driven only by the momentum of the economic process—the process of natural selection in the economic world, and the survival of the cheapest. What was wrong with the system was not centralization, but weakness of will and infirmity of purpose.

This caused little inconvenience so long as policy was directed on Liberal principles to the removal of barriers to economic progress; such barriers, if left untended, will topple down of their own accord in course of time. Yet even under Liberal rule the organization, fashioned with reference "to one great State enterprise, the island Java",[4] needed readjustment for the purpose of encouraging private enterprise; and it needed still more readjustment when Liberal principles of equality and economy led to demands that the dual system of administration should give way to a single system, largely staffed with natives on a native scale of salary. Then, in proportion as a constructive view of State responsibilities gained favour, and as private enterprise began to extend over the Outer Provinces, the need for reorganization became more and more urgent. Reorganization was essential for efficiency and, in formulating proposals for reorganization, the Dutch naturally took for their model the decentralized autonomous institutions of the Netherlands. "Real decentralization", said de Waal in 1870, "implies that the Residents shall exercise their powers through elected councillors." Thus, when the impossibility of getting anything done under the existing constitution gradually became more and more apparent, Decentralization grew in favour as a catchword for the solution of all difficulties.

But from the first Decentralization contained the two distinct principles of efficiency and autonomy, and, in the course of its

application as a key to the solution of all problems, it came to embrace a complex of meanings which were often not very clearly distinguished. These fall under three main heads: first, the delegation of powers from the Home to the Indian Government, from the Indian Government to Departments and local officers, and from European officers to Native officers; second, the constitution of autonomous or self-governing organs co-operating with Government but regulating their own affairs; and third, the separation of public finance and the privy purse in Native States. The last we may disregard, and it is convenient to distinguish decentralization under the first head as administrative, intended primarily for greater efficiency, from decentralization of the second type as political, designed partly for greater efficiency and partly for autonomy as an end in itself. Originally, the main object of decentralization was to promote commerce by liberating the Indian Government from home control in points of detail; but gradually, with the rise of nationalism and other parallel and consequent developments, the element of autonomy came more into the foreground. From the beginning, then, administrative and political reforms have been closely intertwined.

Before attempting to describe them it may be convenient to summarize the main course of decentralization. The movement started with administrative reorganization, the Mullemeister Scheme of 1899, largely abortive; then the Decentralization Law of 1903, though based on political considerations, was expected to make administration more efficient and less burdensome by the introduction of a popular element in local government, but in fact it gave little relief. Attention reverted to administrative reform, taking effect in a project (*Ontwerp-Bestuurshervorming*, 1914), which was condemned for neglecting the popular element, but led up to measures for emancipation of the Native Civil Service (*Ontvoogding*, 1918), and, when political decentralization again occupied the foreground, to a new system of local government (*Bestuurshervorming*, 1922). Political considerations were prominent also in the creation of the Volksraad, with advisory powers, in 1918, which introduced a popular element in the central administration. Then, in the same year, 1918, under the pressure of internal and external circumstances

and at the instance of a Governor-General impatient of control from home, the appointment of a Revisional Commission (*Herzieningscommissie*) paved the way for a new Constitutional Law, the *Staatsinrichting*, 1925. But the process of adapting the administrative machinery to a modern world was not yet over; for the reforms of 1922, which first became effective in 1925, gave so little satisfaction that readjustment (*herschikking*) was thought necessary, and this process of readjustment lasted until 1931.

In tracing the course of these reforms it is convenient to recognize two stages: one, primarily administrative, leading up to the constitution of the Volksraad in 1918; the other, primarily political, following on the appointment of the Revisional Commission of 1918–20.

3. *Administrative Reforms*: (*a*) *Departmental.* For the last quarter of the nineteenth century the reform of the territorial organization was debated; but this debate lasted for another quarter of a century, and it is therefore convenient to notice first the action taken to deal with the problem, equally urgent and less difficult, of adjusting the central administration to the growth of State activities. In 1897 Government decided to work the teak forests (p. 325); the Mines Law of 1899 gave partial recognition to the principle of State extraction—in practice the State was already working tin and coal (p. 325); in 1898 the telephones were taken over, and a quinine factory was built (p. 305); in 1900 a rubber plantation was laid out (p. 306); in or about 1900 the State took over the opium and pawnshop farms (p. 359) and founded quasi-State banks to provide agricultural credit (p. 357); then, or shortly afterwards, specialist officers were engaged to promote agriculture, fisheries and industry; the medical and veterinary services were enlarged, and the education system, reorganized in 1893, was greatly extended in 1907 (p. 367); with the assistance of all the newly recruited specialists, the civil officers were enabled to take a more active part in promoting the various aspects of rural welfare. All this tremendous expansion of State activity necessitated departmental reconstruction. In 1904 a Department of Agriculture was formed; but matters relating to commerce and industry, though mostly dealt with by the Department of

Education, Religion and Industry, were distributed capriciously over various departments until, in 1907, a new Department of State Enterprises (*Bedrijven*) took over State production, services and monopolies, and in 1911 the Agricultural Department was reconstituted as the Department of Agriculture, Industry and Commerce. All the new departments and services began to build up their own staffs, and at the same time, largely owing to the development of the Outer Provinces, there was a rapid increase in the number of European Civil Servants, which rose from 282 in 1897 to 330 in 1903 and to 387 in 1909; whereas the average number of officials sent out annually by Government between 1901 and 1903 was 58, the average for 1911–13 was 452. From 1911 the departmental organization remained unchanged until 1934, when the Departments of Enterprises and of Public Works were abolished and their work distributed between a new Department of Communications (*Verkeer en Waterstaat*) and a new Department of Economic Affairs (*Economische Zaken*), incorporating the Department of Agriculture, etc.

(*b*) *Territorial.*[5] Proposals for reform of the territorial organization originated with Mijer in 1867, when he suggested that the central Government should be relieved by the grant of wider powers to local officers but, as all local officers were not fit for wider powers, he recommended the amalgamation of the residencies in Java into three large Provinces. De Waal (Colonial Minister, 1868–71) preferred a solution which would place the Resident much in the position of the head of a District in British India, with the *afdeelingen* in charge of subordinates doing work of less importance. Just about that time, however, local officers were showing a disturbing tendency to spend money freely to the detriment of the *batig slot*, and opinion turned in favour of constituting local bodies which would control their actions and, perhaps, pay for any necessary amenities. This side-tracked administrative reform for twenty years, until Van Dedem revived it as part of a comprehensive scheme for decentralization. His project resembled that rejected by the Colonial Minister when put forward by Mijer as Governor-General; now, when it came from the Colonial Minister the Governor-General did not like it. However, an officer, Mullemeister, was appointed about 1895

to prepare a scheme for reorganizing the administration along more efficient lines. But by this time India was entering on the lean years, and his scheme, as finally accepted, made for economy rather than efficiency, and was further open to the criticism that it improved the position of the European Civil Service at the expense of the Native Civil Service;[6] whereas the cost of the European Service rose from f. 5·62 million in 1897 to f. 7·07 million in 1904, that of the Native Service fell from f. 7·20 to f. 6·08 million. Also his proposals did nothing to meet the growing opinion in favour of unification of the services and the replacement of Europeans by natives. Once again, then, attention was diverted to the creation of local councils which, it was thought, would provide "a good and speedy administration".

Here the matter rested until the improvement of finances allowed de Graaff, Deputy Director of the Civil Service, to put forward in 1905 a project rather like that of 1867. He was a man of exceptional ability and pertinacity, and he pressed the matter until in 1913 he was placed on special duty to work out his plan, with reference, however, not merely to Java as in 1867, but to the whole archipelago, which by this time had been brought under effective administration. In 1914 he submitted a scheme for the gradual division of India into twelve large Governments, each with its own exchequer, but without autonomy in other matters. For each Governor there would be a Council to deal with finances. The number of European officers was to be reduced, but they were to be more highly educated and better trained. Native officers were to be given greater independence, and to be trained for their higher functions in a Staff College. The original proposals of de Graaff had been conceived mainly with reference to administrative efficiency and, although in this scheme he dressed them in a more democratic costume, they encountered sharp criticism, especially from Van Deventer, and failed to gain the approval of the Progressive Colonial Minister Pleyte.[7] Thus, up to the outbreak of the Great War, nothing had yet come out of the proposals of 1867. When the project of reform was revived after the War, politics took precedence of efficiency.

(*c*) *Ontvoogding*.[8] One feature of the proposals of de Graaff, however, met with general approval; his plan of giving wider

powers to native officers. Dr Kuyper's principle of Guardianship assumed that in time the ward would come of age;[9] Liberals were opposed to all racial distinctions; the Ethical policy aimed at the advancement of the people, and Dutch tradition favoured the principles of "Like over like"; moreover, the growing cost of administration told in favour of abandonment of the dual system and the substitution of Natives for Europeans. The rising tide of Nationalism, and the growing recognition of Nationalist claims added strength to these arguments. In a powerful *Gids* article in 1908 Snouck Hurgronje contended that more use should be made of Natives: "Not only Irish, Finns and Poles prefer their own government, but also Eastern peoples, however defective we may think it; and a foreign Government, however benevolent, and even in the most favourable circumstances, must injure the people which it rules."[10] In 1912 a first step was taken by making over to District officers a few minor functions of the Controleur; but de Graaff, who was greatly influenced by Snouck Hurgronje, wanted to go much further. "Some people", he said, "regard the native officer as unfit for higher functions, looking on them as ornaments rather than as organs of the administration; but a handful of Europeans does not govern thirty million people with subordinates who are merely ornamental or useless."[11] When it seemed that de Graaff's proposals would come to nothing, Idenburg tried to rescue this part of them, and in 1918 Van Stirum introduced a plan by which selected regents should in some measure be emancipated from guardianship (*ontvoogd*, "distutelled") so that in time it would be possible to reduce the number of Assistant Residents and abolish the Controleur. In the first instance the concession was to be a recognition of personal merit, but, where a regent had been *ontvoogd*, his successors in the same regency were to enjoy the same privilege. These two provisions may seem inconsistent, but it must be remembered that the Regent is an hereditary official who usually holds his charge for life and is succeeded by his son. The powers which might be transferred were standardized in a Decree of 1921, and it appeared a great advance when, under de Graaff as Colonial Minister, they were granted to a block of regencies without regard to personal merit.

But this step has been otherwise explained. The first

Regent to be emancipated declared afterwards[12] that he never noticed any difference, and Van Vollenhoven in a forcible criticism described the functions which it transferred as "sheer fatuities" (*slechts onnoozelheden*).[13] (It deserves notice as illustrating the freedom of speech now allowed by the Dutch Government that this criticism of official policy and practice appeared in a Review directed by members of the Civil Service, over the signature of a Professor teaching young civilians. One obstacle to the investment of Native officers with higher powers was the fear lest this should loosen the ties between the European officers and the people; another was that the Controleur had few specified duties, and his work consisted rather in inspection and advice, so that there were special difficulties in making it over to the Regent. Still, it is not strange that when "the European administration remained just as before",[14] there was much disappointment, and that the unsatisfactory result was ascribed to the apprehension of European officers lest the change might affect their vested interests. The event was, however, that the experiment in *ontvoogding* was found unsatisfactory, and there were few regrets when it came to an end with the "readjustments" of 1931.

4. *Political Reforms*: (*a*) *Local*.[15] It is significant that the first proposal for political reform, so far as this consists in the constitution of local bodies to assist in administration, dates back to the Instructions to Van den Bosch,[16] which suggested it as a measure of economy for relieving the central revenue of local charges. It is equally significant that the next impulse to political reform had a very different origin, in the concession of local government to local bodies in the Netherlands, adopted on Liberal principles in the Fundamental Law of 1848. This led directly to a proposal by the first Liberal Governor-General, Van Twist, that local councils should be constituted for the three chief ports in Java. Since then proposals for local government have been based on one of these two principles, Efficiency or Autonomy; formerly efficiency, or rather economy, carried most weight, and of recent years autonomy.

Proposals for local government in India have naturally been coloured by similar institutions at home. In the Netherlands the Provincial Assemblies (*Provinciale Staten*) elect the members

of the Upper Chamber in Parliament; they depute representatives, usually six, from each Province (*Provincie*) to form a permanent paid Committee, the Deputed States, to administer the common law under a Chief Magistrate appointed by the Crown; they have powers of legislation and taxation for the provincial area and, an important point, they exercise supervision over legislation and taxation by the Local Council, or *Gemeenteraad*. For the *Gemeente* (Commune) the Crown appoints a Mayor (*Burgemeester*), who controls the local police and presides over the executive committee, or College of *Wethouders*. Thus the Province and the Communes together form a single and complete system of autonomous and self-governing bodies, largely independent of the central government in their local affairs, and based on the principle of home rule except in such matters as may be reserved to the central government. That is what the Dutch have aimed at establishing in India. But in the Netherlands these organic local areas had a long history, and in 1848 it sufficed to confer powers of self-government on organs already in existence; in India, on the other hand, it was first necessary to create organic local areas of which local councils would be a natural expression. It was not merely the State but Society which had to be rebuilt.

The proposal of Van Twist led to the appointment of a committee to investigate local government, but in 1866 it reported that the natives were still immature (*onmondig*), and that it would be unsafe to give powers to a body representing only a small minority belonging to the ruling race. The proposal was immediately revived in 1867, when the first budget revealed that Government was wasting money on the lighting of Batavia, the provision of hospitals, midwives and doctors, and on contributions to charities. All this money might have gone to swell the *batig slot*, and there were indignant enquiries why people who wanted such luxuries should not pay for them. District officers, however, were adverse to local councils and the matter dropped. Then, in 1876, it seemed that district officers were spending money too freely and the question of local government was re-examined; but a committee, largely non-official, probably regarding the suggestion as a device to enhance the contributions to the Netherlands by relieving the budget of local charges which

would be met by new taxes at the expense of the planters,[17] reported that business men would not have time to sit on the councils which, moreover, would look mainly to the welfare of India, and might lead to strained relations with the Netherlands.

Nothing more was done for nearly twenty years until Van Dedem brought forward his scheme for decentralization. He suggested local councils, of which not more than one-quarter of the members should be nominated non-officials, but his measures were frustrated by the dissolution of Parliament, and although by this time decentralization was so urgent that each succeeding Minister proposed a new scheme, it was just on fifty years since Van Twist first raised the question when Idenburg induced Parliament to accept the Decentralization Law of 1903. "This measure", he said,[18] "contains two elements; the element of decentralization, that is, the delegation of powers from the central authority to lower organs of government, and the element of popular co-operation in respect of local interests. It will provide a good and speedy government. But it brings these two elements into close connection, because there will be no financial devolution without a local council." The Act added three clauses (Arts. 68*a*, *b*, *c*) to the Regulation of 1854; it enabled the Government to provide funds for Residencies (*Gewesten*) or parts thereof; made over the administration of these funds "so far as possible" to a local council; and empowered the local council to raise additional funds. Further details were worked out in the Decentralization Decree of 1904 and the Decentralization Ordinance of 1905.

The original intention was that councils should be formed for the *Gewesten*, and that out of these smaller subordinate local bodies should be carved, so that the whole system would be linked up organically as at home. In the event, however, the first councils were formed in 1905 for the three chief towns, and not until 1907 was a council appointed for each Residency of Java. In 1908 a council was formed for the important tobacco region in East Sumatra, and subsequently councils were constituted for some of the smaller towns and also for some rural areas, including some wholly native areas in the Outer Provinces. The law required that each council should comprise Europeans and Natives, and also Foreign Orientals where these had important

interests. In the first instance all members were nominated, but in the urban areas provision was made for the election of Europeans in 1908 and of natives in 1917. At first there was an official majority in all councils, but this was deemed unnecessary for urban councils from 1908 and for other councils from 1918. During 1917–18 the practice of ensuring a European majority was abandoned. For some years the Resident or chief local official was appointed Chairman, but frequent transfers hindered the progress of business so greatly that in 1916 a permanent Burgomaster was appointed in each of the three seaports.

But the working of the Decentralization Law gave general disappointment. The only legal right which it conferred on councillors was to represent the interests of the locality to Government. There was no self-government, as all the actual work was done by the official Chairman. The Residency Council had no authority over local councils or villages, so that the organization had no resemblance to the organic system of local government in the Netherlands. And although the experiment did something to familiarize officials with the idea of local organs, and promoted efficiency by enabling the officials to draw on a wider range of local knowledge and to induce people to accept higher taxation for local amenities, it wholly failed to transfer power from the bureaucracy to the people. As the Revisional Commission of 1918 remarked, of Idenburg's two elements, administrative decentralization and popular co-operation, the measure was named after the former, and "those who held it to the font, guided its earliest footsteps".[19] Thus autonomy in local government, like administrative reform and the emancipation of the Native Civil Service, made little progress so long as the central government was held in leading strings from home.

(*b*) *Central.*[20] The problem of granting autonomy to the Government of India was haunted by the ghost of the *batig slot*. From the dawn of Indian Liberalism there was a demand that greater consideration should be paid to "Indian interests", usually identified with the interests of the Culture Banks and planters, even to the prejudice of the Indian surplus. But at that time officials were supreme in India, and non-officials had no wish to make them stronger. Thus for many years Liberal policy took the form of demanding representation for "Indian in-

terests" in the Home Parliament. The famous meeting organized by Van Hoëvell in Batavia in 1848 passed a resolution that deputies should be elected to Parliament by those in India who were qualified to vote at home; but the only outcome was the creation of the *Indisch Genootschap* at the Hague, which served as an unofficial Indian Parliament. With the great development of private enterprise during the 'seventies the parliamentary representation of India was often demanded in colonial newspapers and sometimes in those at home. In 1901 a pamphlet on the subject, *Indië bij den Stembus*, "India at the Poll", attracted much attention and moved Van Deventer to advocate a "Chamber for India". This would have differed little from the *Indisch Genootschap*, except in being an official body, but the project aroused violent and indignant opposition. Never since 1814 had such an organ been contemplated, and nothing would serve better to alienate home-land and colony; what, for example, would such a body say about the so-called Debt of Honour? Van Kol, however, went even further, and suggested that the real solution was an Indian Parliament in India; but that, he thought, "still lay in the far distant future".[21]

By this time the problem had taken on a new character. No one hoped any longer for contributions from the Indian surplus, and non-officials in India, strong in the support of capitalist interests at home, could hold their own against officials; people were therefore more ready to criticize the inefficiency of the system on which Indian finances were controlled by the States-General. Every year the estimates came piecemeal to the Colonial Office, separately from each department without having been scrutinized as a whole in India. One feature of the system was great delay in the passing of accounts; the final accounts for the years 1871–79 were not passed until 1892;[22] an estimated deficit often turned out to be a surplus and vice versa, and all this uncertainty cut at the root of sound finance. The obvious solution was to entrust the *Raad van Indië* with the task of preparing the budget, but, so long as all the members were officials, the Liberals were unwilling to enhance its power, and Van Dedem in his decentralization scheme of 1892 proposed therefore to enlarge the *Raad van Indië* by the addition for certain purposes of non-officials.

This proposal, however, touched on the relation between Home and Indian finances. The Accounts Law of 1864 provided for the inclusion of the heading "Contribution" in the budget, and this heading could not be omitted without an amendment of the Act. That was a delicate question at a time when Van Deventer, Van Kol and others were pressing for a settlement of the Debt of Honour; and not until Idenburg had undertaken to compound with this claim did it become possible in 1903 to secure approval for the necessary amendment, which led in 1912 to the express recognition of the financial independence of India.

Although the main obstacle to the transference of power to India was removed by the amendment of the Accounts Law, a proposal by the Liberal Minister Fock in 1907 to enlarge the *Raad van Indië* met with no better success than that of Van Dedem. However, everyone now recognized that "India must learn to manage its own affairs",[23] and Van Heutsz, the strongest Governor since Van den Bosch, was pressing for a freer hand. In 1913 de Waal Malefijt, the Clerical successor of Fock, took up a new line and, instead of merely enlarging the *Raad van Indië*, suggested a *Koloniale Raad*, with 29 members including the members of the *Raad van Indië*; 11 members, to be elected by local councils, would represent European interests, and the rest, nominated officials, would represent native interests, a concession to the new spirit of Nationalism. But each new minister took so long in finding out what to do and how to do it, that by the time he set about doing anything, it was time for him to give place to a successor with different ideas, and the project of de Waal Malefijt went the way of its forerunner. In the new Chamber of 1913 the Liberal Block (*Vrijzinnige Concentratie*) formed the largest group, and there were also no less than 17 Socialists. The Colonial Minister, Pleyte, was predisposed to favour representative institutions and the claims of subject peoples; *Sarikat Islam* was already powerful and its leaders were joining with the Indos to demand independence; the position of the Netherlands as a small power maintaining a precarious neutrality between warring empires bred a new sympathy with Nationalist claims, and the position of India in wartime gave a sound economic basis for the principle of auto-

nomy. Pleyte therefore met with general approval when in 1916 he brought in a measure for "constituting a representative body in Netherlands India, and thereby giving the inhabitants an opportunity to co-operate in promoting the interests of that region".[24]

By a happy suggestion in the course of debate the *Koloniale Raad*, which he projected, was renamed the *Volksraad*. As finally adopted the law provided a Single Chamber of 39 members, including the Chairman appointed by the Crown; 19 members, including 10 Natives, were to be elected and 19, including 5 Natives, were to be nominated. No officials were to sit in virtue of their office, but they were eligible for election and nomination. The life of the Volksraad was fixed at three years. The only power expressly conferred on it was to represent the interest of India to the Government; it had no legislative power, but the Government was required to consult it in certain matters of finance, including the budget, and also before imposing military duty, and might also take its advice on other matters. The Volksraad seemed therefore to have a wide basis and narrow powers. But in both respects the event was contrary; it proved to have a narrow basis and wide powers.

The basis seemed wide because half the members were to be elected, and more than half of these Native. But the electorate consisted of the members of local councils, who were all nominated, except the European members of urban councils, and were mostly officials. Subsequently in 1917 provision was made for the election of the Native members of the urban councils, and in 1920 the membership of the Volksraad was raised to 49, with 24 elected members of whom at least half were to be Natives, and 24 nominated, including 8 Natives. But this made little change, for two-thirds of the electors were still nominated. Such of the native officials as were Regents were hereditary and natural representatives of the people who would probably have been chosen as such on any system, and in nominating members to the Councils, from the Volksraad downwards, the Government was extraordinarily broad-minded and paid scrupulous attention to the representation of all interests. Still, the elected members of the Volksraad, not only Natives, but, to some extent also, Europeans, were indirectly Government

nominees, and in practice, therefore, the basis of the franchise was very restricted.

On the other hand the powers of the Volksraad were far greater than the wording of the constitution and the nature of its membership would suggest. Officials were allowed, and exercised to an almost incredible extent, entire freedom to criticize the policy and measures of Government; and the direction that Government should take the advice of the Chamber on the estimates implied that ordinarily it would accept such advice.

If the result had been foreseen, it is doubtful whether the Act would have passed so smoothly through Parliament. But the political climate of the war years favoured the growth of democratic sentiment, and it encountered little opposition. At the opening of the first session, the Governor, Van Limburg Stirum, showed his sympathy with native and democratic aspirations by nominating as members Socialists and advanced Nationalists, including Tjokro, the leader of *Sarikat Islam*; and he opened the Volksraad with a speech foreshadowing the autonomy of India on a scale far more extensive than the Volksraad Act prescribed.[25]

The answer was disconcerting: "We are grateful," said the Chairman, "but not satisfied",[26] and the measure of their gratitude was indicated by the rejection of a proposal that a loyal cable should be addressed to the Queen. On the first important issue, as to the language of debate, Government sustained a defeat, and had to allow debates to be conducted in Malay, although to many members this was almost as much a foreign language as Dutch. The session continued as it had begun. One speaker after another criticized Government until it seemed, says Bergmeijer,[27] that there was not a single good feature in Dutch rule. Some of the speeches were violently anti-capitalist and anti-Dutch, and the daily flood of grievances was so overwhelming that after six months, when a representative of Government remarked that the Volksraad had already far exceeded expectations, he was felt to err on the side of under-statement. The second session was even more violent and, faced with revolutionary speeches and news of a revolutionary outbreak in the Netherlands, the Governor-General in a message to the Volksraad made a striking declaration. He noted with satisfaction that the

speedy restoration of order at home had been accompanied by a promise of social reforms and, without even consulting the *Raad van Indië*, announced that in India also the relations of Government and Volksraad would be placed on a new footing with modifications in their powers (*verschuivingen van bevoegdheden*), and invited the Volksraad to co-operate in a speedy realization of the necessary reforms. The immediate sequel was a flare of extremist Nationalism, while on the other side Diehards accused him of cowardice and surrender, the old Liberal Fock denouncing his action as unconstitutional. But, says Van Vollenhoven, by appointing a Revisional Commission, he "promptly and wisely brought people to a sense of reality".[28] Pending the Report of this Commission better relations were established in February 1919, when Government appointed an official to explain and defend its views, and the Volksraad appointed a liaison committee which should keep the members in closer touch with Government.

5. *The Revisional* (*Herziening*) *Commission*.[29] The Revisional Commission, comprehending representatives of all politically vocal interests, submitted a Report, together with minutes of dissent so numerous and lengthy—in all nearly twice as long as the Report—that it has been termed a collection of Minority Reports. But there was fundamental agreement on two general principles; that the centre of gravity in the control of Indian affairs should be transferred to India, and secondly, that the Government in India should include a popular element. The Commission recommended accordingly that the Fundamental Law of the Netherlands should be revised so as to place relations with India on a new footing, and that the Volksraad should be given legislative powers; it also contained far-reaching proposals, to be noticed subsequently, for the reorganization of local government and of the administrative machinery.

Proposals for revising the Fundamental Law were already under consideration by a Commission in the Netherlands, which had been appointed as a result of the disturbances of November 1918, and the new Fundamental Law of 1922 contained provisions along the lines suggested by the Revisional Commission. It recognized Netherlands India as an integral part of the Netherlands State or Kingdom (Art. 1). The Supreme Government of N.-I. (*opperbestuur*) was vested in the Crown, but general

government (*algemeen bestuur*) was to be exercised by the Governor-General in a manner to be regulated by law, except for powers reserved by law to the Crown (Art. 60). The constitution (*staatsinrichting*) was to be determined by the home legislature, and also other matters, if necessary; provided that, unless otherwise prescribed by law, the local representative body should first be heard; apart from such matters and from matters expressly reserved to the Crown, the regulation of Indian affairs should be left to the local organ as duly constituted by law (Art. 61). Regulations by the local organ conflicting with the Fundamental Law or the general interest could be suspended by the Crown and annulled by law (Art. 62). Thus the general effect was to reverse the former position in which all powers were reserved unless specially delegated; now all powers were to be delegated unless specially reserved.

6. *The Staatsinrichting, 1925.*[30] Many were of opinion that these radical changes in the Fundamental Law necessitated an entirely new constitution for India. Fock, however, had already laid before the Volksraad a preliminary draft for amending the old Constitutional Regulation of 1854, and this was accepted, "without enthusiasm", says Kleintjes, in December 1922. De Graaff, the author of the draft administrative reforms of 1914, and now Colonial Minister, likewise thought it best on practical grounds merely to revise the old Regulation, and a measure to this effect was presented for consideration by the States-General and, after numerous amendments, became law as the Constitution (*Staatsinrichting*) of 1925. The outstanding features of this Act were the limitations which it placed on the powers of the Crown, the recognition of the Volksraad as a legislative organ, and the reduction of the *Raad van Indië* to an advisory body.

The narrow limits of de Graaff's plan caused much disappointment as soon as it became known in India, and in December 1921 the Nationalists formed a committee of Europeans and Natives, including at first three regents, to devise a project of autonomy. Disappointment was not confined to Nationalist circles in India. European experts on Indian affairs shared the view that the provisions of the new Fundamental Law called for a comprehensive restatement of the Indian political system, and some of them formed an unofficial committee to undertake

the task. This body, known from the name of its Chairman as the Oppenheim Committee, included the late Chairman of the *Herzieningscommissie*, Carpentier Alting; the leading expert on Indian constitutional law, Dr Kleintjes; the leading expert on Indian customary law, Van Vollenhoven; the leading expert on Mahommedan life and law, Snouck Hurgronje; and a Native of high standing and attainments. In 1922 it published a draft Constitution on the basis of the proposals of the *Herzienings-commissie*, and in the following year a supplementary note in which it expressed regret that the official proposals wholly neglected the transfer of government to India and merely made a show of transferring legislation.

In these circumstances it is not surprising that Dr Kleintjes, in his treatise on the political institutions of India, the standard work upon this subject, should criticize the new law with some asperity. "Outside Parliament", he says, "the proposals found more opponents than defenders. The opposition came both from those who saw in its reactionary character a distortion of the ideas in the Fundamental Law, and from those, largely representatives of European industry and commerce in India, who thought this very conservative project too advanced." In the Second Chamber, however, the amendments were mostly in a reactionary sense, and the way in which the measure was handled there, and especially the increase in the number of Dutch members of the Volksraad with a decrease in the number of native members, caused much dissatisfaction among Nationalists; nevertheless it passed through both Houses with substantial majorities. But, in the opinion of Kleintjes, "the brave promise of the Fundamental Law was not redeemed": whereas the Fundamental Law had postulated the autonomy of the Governor-General, the *Staatsinrichting* directed him to follow the instructions of the Crown; instead of delegating all powers unless specially reserved, it reserved all powers unless specially delegated; and instead of limiting the intervention of the Crown to the cases specified in the Fundamental Law, the solution of differences between Governor and Volksraad was allotted to the Crown; the increase of European membership at the expense of Native membership changed the whole character of the Volksraad as a representative assembly, and the chief idea of the Fundamental Law, the

independence of India as an integral part of the Commonwealth, found no adequate expression; further, the Volksraad was not consulted, as indicated by the Fundamental Law, before the new measure was finally adopted.

Supporters of the Act, on the other hand, question the assumption of Kleintjes that the autonomy of the Governor-General was postulated in the Fundamental Law, and controvert his criticism as one-sided. The historian will remember that over the Regulation of 1854 the difference of opinion was equally acute; and the foreign student may be content to note, without participating in, the controversy which a measure of such importance inevitably excites. But the event has proved that, although the budget is now framed by the Indian Government in the Volksraad instead of by the Home Government in the States-General, the Home Parliament discusses it in as much detail as before, and shows very little respect for the direction in the Fundamental Law that India should be left to settle its own affairs; a further source of conflict is the lack of any clear distinction between Indian affairs and those of general interest.

7. *The New Volksraad.* The Volksraad, as reconstituted, first met in 1927. The Chairman, as before, was appointed by the Crown, but the number of ordinary members was raised from 48 to 60, all Dutch subjects, 38 elected and 22 nominated. The elected members comprised 20 Natives, 15 Dutch and 3 others, and the nominated members were 5 Natives, not less than 15 Dutch and not more than 2 others ("others", mostly Chinese, comprised all who were neither Dutch nor Native). In 1929 the number of nominated native members was increased to 10 with a corresponding reduction of Dutch nominees, so that half the members were natives. Officials were still eligible both for election and nomination, but it was a new feature that women became eligible for membership. As before, the electorate consisted of members of the local councils, who are often officials and in great part nominated (p. 286); but it was wholly new and far wider, because of the changes which had taken place in local government—the abolition of Residency Councils and thecreation of Regency Councils. Each of the three sections of the people now elected its representatives separately. The new and larger

native electorate was distributed over twelve Circles, of which four were given more than one member; the electors of the other two classes voted as single electoral bodies. Proportional Representation was adopted where more than one member was returned. Another change was the extension of the period of life from three to four years.

Formerly the Volksraad had the right of being consulted on the budget and on certain legislative measures; now its assent was necessary for the budget and, normally, for other legislation on internal affairs, and it was given power to amend Government measures and to initiate legislation; further, it was granted the rights of petition and interpellation (i.e. to ask for information) but not the right of "enquiry" (i.e. to appoint commissions of enquiry with legal powers to obtain evidence). It cannot change the Government; there are no ministers, and neither the Governor-General nor departmental heads are responsible to the Volksraad; but it can influence policy by a vote of non-confidence indicating its disapproval of men or measures.

The chief function of the Volksraad in full assembly is the criticism of the budget; legislation and its functions in respect of administrative routine are mostly delegated to the College of Delegates, a useful device borrowed from local government in the Netherlands. This is a permanent committee of 20 members (now 16) elected in the first session for the whole period of four years, and presided over by the Chairman of the Volksraad. Any conflict of opinion upon the budget between the Governor-General and the Volksraad is decided by the Home Legislature; a conflict as to legislation is decided by the Crown, but in matters of urgency the Governor-General may take action.

As in other tropical dependencies, social conditions entail frequent changes in membership, especially among official and commercial representatives, liable to transfer, furlough and retirement; also the comparatively few who are competent to act as members, though scattered over a wide area, mostly reside in a few large towns, notably Batavia; and fewer still, except residents of Batavia, can spare the time for membership, especially for active work in the College of Delegates. In 1930, out of 60 members, 34 resided in Batavia; 3 in the official headquarters, Buitenzorg; 2 were on furlough and 1 interned, leaving 20

effective members for the rest of India; in the College of Delegates 16 of the 20 members lived in Batavia.

But the Volksraad presents notable contrasts with similar bodies in British India. One is that the Departmental Head, though not a member, attends the meetings to explain matters connected with his department; this brings him into direct contact with the people and gives him some freedom from control by the Secretariat, as it sometimes happens that, where he speaks for Government on a matter in which his personal views have been overruled, his defence of official policy leads the Volksraad to prefer his recommendation which Government overruled. A far more important contrast is found, however, in the position of the official members. There is no official block and no official is a member *ex officio*. But many members, elected or nominated, are officials, and during sessions obtain leave of absence from their duties on full pay, together with the allowances drawn as members. Such officials have complete freedom of speech, and some of the keenest critics of Government and, naturally, the best informed critics have been Government servants. The European Press, which in general regards the Government as disinclined to stand up for European interests and even as Socialist and Nationalist, agitates with little restraint against the promotion of officials who are conspicuous in the Volksraad for "anti-Dutch sentiment", and urges that all members should be liable to prosecution for "sedition in the Volksraad" and that official members should be penalized by departmental action.[31] On the other hand "it is no wonder", says Bergmeijer, "that an official, whose own work leaves something to be desired, but in the Volksraad is a sharp critic of everyone and everything, may find it difficult to get leave [to attend the sessions] so many times each year". But the accepted view is that a free expression of personal opinion in the Volksraad should not prejudice the career of an officer; and all are allowed to ventilate the most extreme sentiments, so long as they observe the rules of parliamentary good manners. Another contrast with British India is the notable keenness of party rivalry, which must partly be ascribed to the astonishing freedom allowed to Government servants outside as well as in the Volksraad. Officials have always contributed to the Press, and we have noticed that, so

far back as the 'eighties, proposals for a new revenue system were killed by the public opposition of officials; the European and Native Civil Services and most of the other services have each their own periodical, and in many other periodicals, managed, wholly or partly, by officials, all aspects of public life are freely discussed. In British India no official may publish any criticism of Government, and the few Europeans who take an active part in politics represent industry and commerce, and form a single racial party; in Netherlands India half a dozen European parties represent all shades of political colouring from revolutionary Diehards to revolutionary Progressives, so that party rivalry tends to run less exclusively on racial lines, and official policy and measures are criticized from a wide constructive standpoint.

The chief defect of the Volksraad, as has been found in organs with similar powers and limitations in British India, is that it encourages criticism without conferring responsibility, so that criticism tends to be directed not merely against the Government but against all government. The chief merits likewise are found in similar institutions in British India; it brings together people of widely different views, who learn in the restaurant to take the edge off hot tempers with cooling drinks; also it brings both Government and the people into closer contact with reality: Government learns that difficult problems cannot be solved merely by framing regulations or issuing circulars which no one dare or has the chance to criticize, and the people learn that the task of Government is not so simple as it seems; thus, although the task of Government may look more difficult, it is really easier. But perhaps the most interesting feature in political life in Netherlands India is the long-established practice of allowing Government servants to express opinions freely and publicly in speech and writing; they often know more about the country than the people themselves, and certainly know more than outsiders about the people in relation to Government; and their contributions to discussion in the Volksraad and in the Press must help greatly to promote the organization of knowledge and thought, which is essential if a representative assembly is to function efficiently as an organization of the common will. But for officials in such circumstances to keep due control over their

tongues implies an almost superhuman power of self-restraint, and a Government which allows free discussion of its policy by the instruments of policy must be almost superhuman in forbearance.

8. *Local Government after* 1918: (*a*) *General Survey.* The proposals of de Graaff for administrative reform in 1914 provided at the same time for reforms in local government by redistributing Netherlands India into Governments, large tracts so far as possible homogeneous, and by endowing these large Governments, and also the Regencies in Java, with local councils, which were to be consulted regarding the local budget. Pleyte disliked these proposals, and in 1918 drafted a scheme for autonomous provinces, each managing its own affairs, and leaving to the central government only such matters as were strictly of general interest. The Revisional (*Herziening*) Commission developed this idea, and envisaged a systematic organization of autonomous communities on the lines of provincial and local government in the Netherlands. But de Graaff as Colonial Minister went back to his old plan and, though giving the local councils wider powers than he had contemplated in 1914, he worked on the principle of delegating specific powers instead of granting complete autonomy subject to the reservation of central subjects; on this plan, the Reforms Law (*Bestuurshervormingswet*) of 1922, Netherlands India was to be distributed among large Governments, and then each Government, as circumstances might permit, was to be converted into a Province by equipping it with a local Council for dealing with special local requirements. So far three Governments have been formed and converted into Provinces: West Java, 1926; East Java, 1929 and Mid-Java, 1930; the two Residents at the Native States in Java were promoted to the rank of Governor, largely by way of compliment to the native rulers. In the Outer Provinces, a Government was constituted in the Moluccas in 1926; but it was not converted into a Province by endowment with a Council and it has since been reconstituted a Residency. After long deliberation a plan found approval in the Volksraad of 1932 for the creation of three large regions: Sumatra, Borneo and the Great East; but the new system of provincial administration has had to face keen criticism and its extension to the Outer Provinces is still under discussion.

At the same time there have been other changes in local government. In connection with the reorganization of the administrative machinery in 1925–27, the Residency Councils, formed in Java under the Decentralization Law of 1903, were broken up, and Regency Councils for the new autonomous Regencies were created for the first time in 1925. Thus, at the present time, apart from village institutions, the machinery of local government in Java comprises Provincial Councils, Regency Councils and Urban Councils; in the Outer Provinces there are Urban and Rural Local Councils of widely varying importance.

(*b*) *Provincial Councils.* The Chairman of the Provincial Council is the Governor; the ordinary members comprise elected and nominated members of all three sections of the community, varying in number, as shown in the table below. The electorate,

Membership of Provincial Councils

Province	Dutch		Natives		Others	
	(*a*)	(*b*)	(*a*)	(*b*)	(*a*)	(*b*)
W. Java	12	9	13	7	2	2
M. Java	14	9	16	7	3	2
E. Java	18	12	21	9	3	1

Members: (*a*) elected; (*b*) nominated.

as for the Volksraad, consists of the members of Regency and Urban Councils, and is predominantly official and largely nominated. As shown below, most of the Native electors are officials, and very few are cultivators. Thus the members of the Provincial Council tend also to be officials, and the representation of rural interests devolves almost wholly on officials. The Governor, in nominating members, tries to provide for minorities which are not adequately represented by election, and therefore maintains a careful record of the religious and political affiliations of candidates. The full Council does little more than consider the budget, and routine work is conducted by a College of Deputies (*Gedeputeerden*) under the Governor as Chairman. It should be noted that one function of the College of Deputies is to pass the budgets for the Regency and Urban Councils, which is a step

in the direction of organic local government such as one finds in the Netherlands.

The Council Chamber is an imposing hall fitted for debates with all the paraphernalia of a miniature Parliament; a high table for the Chairman and College of Deputies, a long bench for the Clerks to the Council, rows of seats for the members, a rostrum from which members address the Council, a Press Box for reporters and a Gallery for the public; the whole might well serve for the Legislative Assembly of a Province in British India. But the functions of the Council are such as might be allotted to a local board appointed in British India to assist a Divisional Commissioner in the administration of a Divisional Fund. The revenues are largely derived from public services, including the supply of water, electricity and salt; the only important taxes which the Province imposes are a road tax and a tax on motor cars; the balance of the revenue comes mainly from cesses on State taxes, paid mostly by Europeans. The chief items of expenditure are agriculture, irrigation, veterinary services and public works; but the Council has no concern with education and apparently does little in connection with hospitals and public health.

(*c*) *Regency Councils*. Each of the 76 Regencies of Java now has a Regency Council. The Chairman of the Council is the Regent; the ordinary members represent all three sections, with elected and nominated Native members and nominated Dutch and "other" members. In 1932 there were 1583 members, 813 elected and 770 nominated (353 Native, 243 Europeans, 174 "others"); 651 elected and 186 nominated Native members were officials. There were no more than 54 cultivators, 28 elected and 26 nominated; most of these were from West Java, where there is a tendency to large holdings, whereas in East Java out of 318 elected Natives only 4 were cultivators and out of 132 nominated Natives only 7. It would seem, however, that the "official" members include village headmen, who are agriculturists and sometimes large land-holders. Election is indirect: the primary voters comprise all those, male and female, who by village custom are eligible to take part in electing the village headmen, and also those who are assessed to State or local taxes. These primary voters choose the Electors, each village being

allowed one Elector for each 500 voters; the Elector must be resident, twenty-five years of age and literate. As in other local bodies a record is kept of racial status, religion and political affiliation; though some members return themselves as politically "neutral". The members receive sitting money and travelling allowance, but no salary.

The Regency Council meets once a year for the budget, and at other times when necessary, usually three or four times in all. In full session the work is distributed among Committees, e.g. By-laws, Public Works, Bazaar. The routine work may be allotted to a College of Commissioners (*Gecommitteerden*). The income ordinarily consists mainly of bazaar rents and a grant from Government, but there may also be a carriage tax and an entertainments tax. The expenditure, apart from personnel, is mainly on roads, lighting, fire-protection, burial grounds, etc. The Council has no concern with education and, before the recent financial stringency, it did not provide for hospitals and dispensaries. The Regency Council and College of Commissioners have a say on village affairs; similarly its own budget and by-laws imposing penalties are subject to the approval of the Provincial College of Deputies, and by-laws imposing taxes require the approval of the Governor-General.

(*d*) *Urban Councils*. There are now 32 Urban Councils, 19 in Java and 13 in the Outer Provinces. For the more important Councils there is a Burgomaster as Chairman. In Java, and in most towns of the Outer Provinces, all the members are elected; the number of members in Java ranges from 27 to 11. In every Council there is an absolute majority of Dutch over the other two classes together; for the nineteen towns there are 181 European members, 91 Native and 33 "others"; in seven towns in Java there is even an absolute Dutch majority among the electors. Thus urban local government is very much a Dutch institution. This is due to the restriction of the franchise to resident males, literate, and assessed to not less than f. 300 for income tax; not many Natives have so high an income and of these some may be barred for illiteracy. A member of an urban council must be twenty-five and literate in Dutch. The Council may appoint a College of Aldermen (*Wethouders*) or, failing this, a Finance Committee.

The budget, and by-laws imposing penalties, are subject to approval by the College of Deputies of the Provincial Council. The revenue comes mainly from a cess on Government taxes, mostly paid by Europeans, and from municipal services, such as housing, electricity, water supply, trams and buses, and among other municipal activities, even in a small town, one may find a theatre and a swimming bath. Capital expenditure is often met by raising a loan. The expenditure is on the ordinary amenities of town life in the tropics.

(*e*) *Rural Local Councils*. There are 10 Rural Local Councils in the Outer Provinces. They vary greatly in their composition. At one extreme there is the East Coast of Sumatra with 24 Dutch members out of a total of 29, and all nominated except 6 Dutchmen, who are members *ex officio*. At the other there are small Subdivisional Councils, with some 20 members, all Natives and sitting *ex officio*. In all these Rural Councils, except in the East Coast of Sumatra, there is a large Native majority, but in three only are there elected members.

Certain features of local government deserve special attention. The most striking feature is its connection with party politics; in every Council careful note is made of racial status, religion and political affiliation. This may seem strange, considering that their proper sphere is purely local, but is explained by the fact that they constitute the electorate for the Volksraad, and in the nomination of members it is necessary to see that all important political interests are represented on these councils so far as possible in proportion to their strength. Another feature of great interest and of much practical utility is the delegation of all routine work to a small permanent committee. The relations between officials and the local councils also deserve notice. The only Civil Servants who are linked up officially with the local councils are the Governor in the Provincial Council and the Regent in the Regency Council. The Governor has a double sphere of work: as Governor he is responsible to the State for all branches of the administration which have not been made over to the Council, and also for seeing that the Council duly performs its functions and complies with the law; as Chairman of the Council he is responsible to the Council for such matters as are entrusted to him by the Council, and it is noteworthy that

for such purposes he may employ members of the Civil Service so far as this is consistent with their duties to the State. Thus he is at the same time responsible to the Council and also responsible to Government for the proper working of the Council. The Regent is in a similar position with reference to the Regency Council. Their position closely resembles that of a Deputy Commissioner in Burma before 1923, when he was President of the headquarters Municipal Committee.

In respect of finance one is struck by the activity of the councils in respect of public services, with a correspondingly high figure of expenditure and income under this head; notably on housing, electric light, trams, buses, baths and theatres, which rarely find a place in local budgets in British India. On the other hand little use seems to be made of the device of a grant-in-aid, by which the State contributes towards the cost of an amenity in proportion to the amount raised locally, though sometimes the total contribution by Government has depended, at least in part, on local revenue.

The institutions which have been most keenly criticized are the Provincial Councils. Pleyte and the Revisional Committee contemplated Provinces, which should bear much the same relation to the central Government as the Provinces of British India have borne in recent years to the Government of British India, but with a much larger measure of popular control. The Revisional Committee even contemplated the total abolition of the Government Civil Service within the Provinces, so that officers serving within the Province would not be Government servants, but strictly provincial officers: "because there would really be no place left for Civil Servants appointed by the central Government if local affairs were completely left to the local Council."[32] But among "the more or less technical services", which would remain to the central Government, were defence, justice, jails and the main heads of revenue as well as communications and other public works, the postal and allied services, forests, and higher and preparatory education. Thus the units which they contemplated would have been far less independent than the Provinces of British India are in practice, though with a larger popular element in government than has hitherto been found in British India. The proposal, however, is of interest as

illustrating the difference of function between Civil Servants in Netherlands and British India; for in British India it would hardly be possible to talk of abolishing the Civil Servant, while leaving him his normal functions as Magistrate and Collector. The event, however, has been very different. Critics,[33] notably Van Vollenhoven and Dr Kleintjes, insist that there has been no suggestion of any extensive transfer of powers so as to endow the Provinces with autonomy or self-government; every concession, they say, was carefully scrutinized and was not granted until the central Government was certain that its power would remain intact, and Dr Kleintjes quotes with apparent approval Van Vollenhoven's description of the Provinces as "miserable abortions". But even the critics admit that the Provinces have done much useful work; and for the foreign student it is sufficient to note the fact that the so-called Provinces of Java are not large quasi-autonomous units corresponding to the Provinces of British India, but more closely resemble the Divisions of an Indian Province.

The explanation of this reluctance to delegate power would seem to be partly historical and partly psychological. Until within the present century, except for a few small tracts, the Outer Provinces were of no account and almost unadministered; Java alone far outweighed all of them in importance, and in Java alone was there any real government. Naturally, officers in the Outer Provinces were given little power, and no organized system of provincial administration came into existence. Yet the historical explanation is hardly sufficient, for in British India each new extension of territory of any considerable scale became a little government, partly autonomous, from its first inclusion in the Empire. Another reason which may be suggested is jealousy of officialdom; the Dutch dislike granting much independence to officials. "Real decentralization", said de Waal in 1870, "implies that Residents shall exercise their powers through elected councillors." In the Decentralization Law of 1903 Idenburg was solicitous to unite decentralization with popular control. "*True* decentralization", said Dr Colijn in 1934,[34] "can *never* succeed along purely *official* lines, as it must be coupled with the co-operation of the people in government. ... *Taxation* and the spending of taxes cannot be left to a purely

official organ."* But in British India for long years there was no scruple in leaving taxation and the spending of taxes to officials. The reluctance to enlarge the powers of officials is perhaps in part a heritage from the time of the *batig slot*, when officials were thought too ready to spend public money, and in part due to the fact that India is regarded as a colony rather than as a dependency; and since 1870 European colonists have been far more numerous and prominent than in British India. But the true explanation is probably a deep-rooted difference in national character. The English tradition in government is to maintain law and order, and beyond that to interfere no further than is necessary; the Dutch, with their heritage of Roman law, expect more of government, and the delegation of authority is therefore more difficult, just as only a simple organism can reproduce by fission.

Urban local government, on the other hand, is a great success. But this is run by Europeans for Europeans, and the European element is both larger and more stable than in British India; there can be few large towns in British India which could not learn much in municipal administration from Semarang; the Council Hall even in a comparatively small town like Madioen is a model of dignity and refinement; and at least one Indo-European architect of genius has shown both in his public buildings, notably the bazaar at Surakarta, and in his private houses, how successfully Western ideas can be adapted to tropical conditions in respect of both utility and appearance. The cleanness and neatness of many of these public buildings, standing in a quadrangle round a neat grass lawn, are truly Dutch; even a police station is a building where the men may learn self-respect from their surroundings, and one sees the waste land round the junction of two waterways laid out with flowers like a garden. Yet candour makes it necessary to record that both in Batavia and Surabaya the canals along the main street are used as public conveniences in a manner that would not be tolerated in British India.

The institution of Regency Councils was long a chief feature in the Nationalist programme, presumably with a view to diminishing the power of the Regent. Others regarded this as

* Italics in original.

the beginning of the end of native authority, and therefore of Dutch rule, as the Regent would be exposed to criticism by "recalcitrant demagogues"[35] in the presence of simple cultivators. But a prominent Regent reports that his position has been strengthened by his council; he can draw on the special knowledge of expert engineers and doctors, and finds that people respond more readily to his endeavours to improve their condition; "formerly it was like trying to talk into a sound extinguisher." Though many European officers resent attempts by these councils to exclude the European Civil Service from control over native affairs, others hold that Residents are too apt to encroach upon their sphere of work. But the use made of the council depends very largely on the Regent himself, and one gathers that, at least in some places, the councils are, as was formerly said of the Regents, ornaments rather than organs of government.

9. *Administrative Reforms, after 1918.* We have seen that the project of administrative reform, originating in 1867 with a view to greater efficiency, turned gradually towards the unification of the European and native services, with a reduction of the former and the conferment of greater powers upon the latter, but that the plans of de Graaff in 1914 met with disapproval for their disregard of autonomy. Autonomy coloured the proposals of 1920 for introducing a popular element into local government, and the Revisional Commission went so far as to envisage the abolition of the Civil Service. But de Graaff, who had become Colonial Minister, preferred his former plan. The formation of the three Provinces of Java was accompanied by the abolition of the old Residencies which were replaced by units corresponding generally with two or three of the old subdivisions (*afdeelingen*), so that in place of 17 Residencies (old style), there were 35 Residencies (new style); most of these were placed under Assistant Residents (old style) who became Residents (new style), and the remaining Assistants and senior Controleurs became Assistant Residents (new style); the remaining Controleurs were given the title of Officer-Assistant, and the title Controleur was abolished. At the same time all the Regents were *ontvoogd*, and thus, in name, emancipated from guardianship by the Controleur. In theory whereas the Assistant Resident (old style) had been the Elder

Brother of the Regent, the Assistant Resident (new style) became his Younger Brother.

This change cut at the whole tradition of Dutch administration. By the abolition of the Controleur it seemed to sever the tie which had previously linked the European Civil Service with the people. Many functions of the Assistant Resident had developed gradually during successive generations, often without precise definition, and those of the Controleur had intentionally been left undefined. It now became necessary to distribute to the various officers their respective functions on the new plan, and great confusion ensued. The Communist disturbances gave force to the complaint that the services had lost touch with the people, and a complete readjustment (*herschikking*) of the reforms became necessary. According to Van Vollenhoven the Residencies "which had been snipped up with tailor's scissors were patched together with a tailor's needle, and, after much waste of money, time and paper, the reforms were again reformed until everything was as before".[36] But not quite as before. It is true that the number of Residents was again reduced to 18 and the rank of Controleur reintroduced; but the experiment in *ontvoogding*, which, as we have seen, had proved disappointing, came to an end with the minute definition of functions for each class of officer in a volume of awe-inspiring dimensions, and the Regent, it is claimed, achieved a degree of independence formerly unknown, while the Native Civil Service was made subordinate to the Regent and not as formerly, at least in practice, to the Controleur.

10. *Village Government.*[37] For the most part all these reforms went on above the heads of the people and affected them but little; at the same time, however, other changes were proceeding which had an intimate effect on village life. These were the changes in village government, and the extension of State activity.

The abolition of *heerendiensten* marked the high tide of Liberalism; by 1900, as Fokkens remarked,[38] the "holy hamlet" was no longer sacrosanct; and when it was suggested that the people were now required to perform as village services labours which had formerly been classed as *heerendiensten*, an officer, Hasselman, was directed to hold an enquiry with a view to liberating the villagers from oppression by the village govern-

ment. His Report struck a new note; like Balaam he blessed what he had come to curse. He found that the abolition of Government services had led to no appreciable aggravation of village services, that much which might seem oppressive to Europeans was in no way resented by natives, and that "in some cases an increase in the pressure of village services was the first condition of village uplift";[39] he advocated therefore "*in the interest of the people themselves*"* that Government should intervene in village life, not to protect the individual villager against oppression by the village government, but to strengthen corporate village life and build up the village community. Liberal Individualism was dead.

On the receipt of this Report de Graaff applied his zeal for administrative reform to furnish a legal basis for the new trend of policy by drafting the Village Regulation of 1906, which aimed at converting the village into an instrument of welfare. The objects were explained in a Notification of great interest.[40] Formerly, it said, on Liberal principles, individualism had been regarded as a sufficient basis for the building up of social and economic welfare. Now it had become clear that "no longer does the individual need the help of Government against the village, but that *the village needs the help of Government to protect its rights against the individual*".* The village should therefore be vested with legal personality so that it might take legal action to promote village amenities. The Regulation accordingly provided for a Village Government, comprising the headman and village officers, partly under the control of a Village Gathering, which would be competent to regulate village institutions and provide for village requirements. He did not expect the Regulation would "immediately open a new era in village life...but it should stimulate the process of social growth, and meanwhile enable local officials to cope with their prime function, the care of public welfare".

The practical effect of the Regulation is given in the last few words. It furnished the Assistant Resident and Controleur as "social engineers" with a useful instrument (*practisch apparaat*) for building up welfare, which, with the help of the numerous experts in the rapidly developing specialist services, they speedily

* Spaced in original.

turned to good account. When Government aimed at rooting out illiteracy as cheaply and as soon as possible, villages, under cover of the Regulation, and by "gentle pressure" from officials were required to found and maintain village schools and, says Adam, the same might be said of all the new developments of village life.[41]

11. *Administrative Expansion.* This busy staff of specialists working for the welfare of the people is almost entirely the creation of the present century; until 1900 all welfare work depended on and proceeded from the Civil Service. There were schoolmasters and doctors, but their sphere lay chiefly, and as regards schoolmasters, almost entirely among Europeans. During the great days of Liberalism, from 1870 until near the end of the century, much was done to make Java a home for Europeans, but practically nothing for the Natives, and India was then, even more than now, a colony of Europeans working with native labour; such attention as was paid to native welfare was the care of the Civil Service alone.

There was, however, as we have seen, a separate judicial service. This came into existence during the last half of the nineteenth century in response to the Liberal demand for the separation of the executive and the judiciary and for the Rule of Law. In the present century these catchwords retained their vitality, and the separation of executive and judiciary was extended over the rest of Java and the Outer Provinces; also, in 1910, the magisterial power of the native Civil Servants was restricted to legally defined offences. A further development of Liberalism was a demand for equality before the law by the unification of judicial administration; a first step in this direction was taken in 1914 when a police court, the *Landgerecht*, was constituted, with jurisdiction over all classes of the community; then in 1918 there was introduced a common Penal Code for all classes. Another feature of judicial procedure during the present century owed nothing to Liberalism, but is rather one aspect of the ethical and Nationalist movement; this is the new regard for native custom. So long as Civil Servants presided over the courts, they had some regard for native custom, "even if they did not understand it";[42] the lawyers, who took their place when a separate judicial service was constituted, paid more attention to

European law than to customary law; but of late years, mainly under the influence of Van Vollenhoven, the importance of keeping law in touch with public opinion by a due regard to native customary law has been strongly emphasized.

The law at present administered falls under two main heads: Government Law, administered in the name of the Crown, which obtains over all the Government lands and in some native States, especially those of long standing; and Native Law, which obtains in the remaining Native States. What follows relates only to Government Law. Under the system of Government Law there has of recent years been a single penal code, but the procedure differs in Government and native courts; further, in civil matters both law and procedure differ according to the racial status of the parties. Civil law for Europeans and those assimilated with Europeans is much the same as in the Netherlands; civil law for Natives is based mainly on native customary law which has absorbed some elements of Mahommedan law; in 1855, and, on a larger scale, in 1919 and 1925, European civil law was gradually extended to Foreign Orientals, except in a few matters of family life. Criminal matters, apart from petty misdemeanours, come before European courts if the parties are Europeans, and before native courts if the parties are Natives or Foreign Orientals. Thus, although, as explained below, the President in a native court may be a European, and any one, regardless of status, accused of a petty misdemeanour, may come before the *landgerecht*, the common police-court, yet in the main there is still a dual system of judicial administration.

The European courts comprise the High Court, six Courts of Justice (three in Java and three in the Outer Provinces) and a number of *Residentie-gerechten*. In the two former, justice is administered by a Bench, consisting of qualified lawyers, who, since 1917, may be Natives. The High Court is both a court of first instance and a court of appeal, cassation and revision. The Courts of Justice are courts of first instance both in civil and criminal matters, and they hear appeals from the *Residentie-gerechten*, and have powers of appeal and revision in respect of the chief native court, the *Landraad*. The *Residentie-gerecht*,

presided over by a single judge sitting with a Registrar (*Griffier*), has jurisdiction over civil disputes up to f. 1500; in the Outer Provinces, where there is no *Landgerecht*, it takes cognizance of petty misdemeanours by Europeans; in Java the judge must be a qualified lawyer.

In the chief native court or *Landraad* (ordinarily one for each Regency or for two adjacent Regencies) there is a Bench of Judges; in Java the President must be a qualified lawyer and the other members are Native Heads and, nominally, the Regent, though it is usually beneath his dignity to attend; in the Outer Provinces the President is usually an officer of the Civil Service. The *Landraad* is the ordinary court of first instance in both civil and criminal matters, other than petty misdemeanours. In the Regency Court, the Regent is President over a bench of lesser heads together with the regency priest and the prosecuting magistrate or *djaksa* (the Court Prosecutor of British India); this court deals with petty civil and criminal affairs. The District Court, with the District Officer as President over a bench of lesser heads, deals with still smaller petty offences. In the Outer Provinces there is usually a court corresponding with the Regency Court, and sometimes one corresponding with the District Court.

The *Landgerecht*, or common Police-Court for all races, presided over by a single magistrate sitting with a Registrar (*fiscaal-griffier*), takes cognizance of petty misdemeanours. The magistrate is sometimes a Civil Servant. The procedure is very summary; there is no appeal, and apparently, no procedure for revision.

Certain features of the judicial system are of special interest. It is very remarkable that capital punishment has practically been abolished; there are no sentences of whipping and although one can still find a whipping-block in a gaol, it may be derelict because whipping as a method of gaol discipline entails so much correspondence. Again, a judge or magistrate never sits alone; even when there is no bench there is a registrar sitting beside him. Then one is struck by the restricted powers of the *Landgerecht*, Regency and District Courts, their summary procedure and record, and the almost ridiculously lenient sentences imposed in them; even in a Court of Honorary Magistrates in

Burma the proceedings are more elaborate, the records fuller and the sentences far more severe, and one can only liken the courts of the Regency and District to that of a Burmese village headman. Even these insignificant powers are granted only after long service; it is about twelve years before a European Civil Servant is trusted to fine a man for parking a carriage in the wrong place; the Regent and District Officer also have long periods of probation in the lower ranks before being allowed to impose a penalty for stealing a chicken or allowing cattle to trespass; even a qualified lawyer must work his way up from the position of Court Prosecuting Officer or subordinate member of a bench. These precautions, together with the sympathetic ear which the Controleur lends to all allegations of ill usage, probably explain why one never hears any suggestion of corruption in the courts; and the whole system offers a notable contrast to that of British India, where judges and magistrates on low pay, sitting alone, and subject to no control but that which an elaborate written record gives to an appellate court, decide valuable disputes, and impose heavy penalties and long periods of imprisonment.

It is difficult, indeed, to take the president of a *landgerecht*, or the regent or district officer, very seriously as a magistrate, and it is a fact that the powers which they now exercise subject to the law were originally exercised by them as police officers, without any formality of law. It is only of quite recent years that there has been any police service apart from the Civil Servants and their orderlies, mainly ornamental.[43] In the nineteenth century there was a village policeman, the local Dogberry, in every village; every man had to keep watch and ward in turn, and there were special guards for protecting the forests and plantations. In 1897 there was a first attempt to create a police force, the General Police, but most of the men still remained attached to civil officers. The growing unrest led in 1911 to the constitution of a Town Police, but up-country Civil Officers still depended on their orderlies, the *bestuurspolitie* and, although these continually grew in number, Nationalist disaffection grew still faster, and many parts of the country got out of hand. It became necessary therefore in 1921 to organize for the first time a regular police force for rural areas, the Veld Police, similar to

the Town Police and, like that, part of the General Police. Within each Regency the Regent is, nominally, the head of the Veld Police, but control and administrative routine rest with the Assistant Resident, and drill and discipline with a special police officer, ordinarily a European Inspector in charge of 30 to 50 men. The investigation of crime still lies in the first instance with the village police, and if the Regent wants any regular police he must ask the Assistant Resident to place them at his disposal, though the Assistant Resident is equally bound to comply with his request. The police seem, however, to have very little work in criminal investigation, as there is so little crime; and they are chiefly occupied in enforcing traffic regulations and controlling petty misdemeanours, such as the use of a prohibited type of snaffle.

Thus even the police force is a creation of the last few years, and so are the agricultural, fishery, and credit services, and, in great part, the educational service for natives, while the irrigation, veterinary and public works department have grown almost out of knowledge during the present century. In these specialist services some officers are Natives on a scale of pay which, until recently, was higher than that of the European Civil Service, and even those officers who are European come into contact with the people mainly through native subordinates. The Native Civil Service likewise has come to occupy a very different position. In 1900 the Regent was still largely ornamental, though he was already beginning to desire fuller responsibility. The first effect of the welfare movement was to multiply the relations between the Controleur and the subordinate native officers, the Wedānas and their Assistants; but the increasing recognition of the fact that welfare could be built up and disseminated only by the strengthening of social ties, which led to the reorganization of the village and village government, found expression also in a policy of strengthening the Regent. Then, with the growth of Nationalist opposition to Government, there has of late years been a tendency to bring the Regent forward, no longer as an official, but as the natural and hereditary leader of the people.[44] Despite the popularity of democratic catchwords the Regent appears to retain much of his hereditary prestige, and the mere fact that he succeeds in his father's charge and remains there

throughout life gives him supreme power within his regency.* Moreover, he is well educated and well paid; before the depression of 1929 he was drawing f. 1200 a month. During the present century, then, not only the specialist services but the Native Civil Service have encroached on the activities of the European Civil Servant, relieving him of his more grateful functions. There has been a similar encroachment from another direction. During the nineteenth century one prime function of the Civil Service was to "control", that is, to inspect and supervise the native officers and planters, and to prevent abuses; the Controleur was directed, without actually instigating complaints, to encourage them, and freedom of complaint became one of the traditions of Dutch rule to a far greater extent than in British India. Even during the present century when the European Civil Service assumed more constructive functions it was still the repository of complaints (*klachten*). But complaints are now made not only to the Native Civil Service, but also to the Nationalist leaders, and one is even told that the only useful outcome of the Nationalist movement is that it has encouraged the people to lodge complaints.

All this has caused a fundamental change in the position of the European Civil Servants. They are less prominent in relieving abuses, and they no longer take the foremost part in the provision of credit, the improvement of agriculture and so on. But at the same time their help is needed when Government has to realize advances or collect taxes, so that they now come before the people no longer as friends and helpers, but as representatives of government authority in its more unpleasant aspects, while such constructive work as is still open to them must be done through *vergaderingen* and through the Native Civil Service. Also the development of European enterprise and growth of correspondence allow them less time to cultivate relations with the people. Yet an official from British India finds it very difficult to understand that the Controleur, or even the Assistant Resident, has really any serious work to do. The young Civil Servant still spends twelve years as Controleur, with no authority whatever,

* The fact that some Regencies are of comparatively recent date suggests that hereditary authority begins to carry weight even in the second generation, and that it should not be impossible to foster a like system in other tropical dependencies, where the administration is weakened by lack of continuity.

either in magisterial or revenue matters; when at length he is promoted to be Assistant Resident his magisterial work is confined to two days a week, only one of which is in headquarters, trying in a very summary manner petty cases, many or most of which would never come into court at all in British India. From the beginning to the end of his service he never has financial responsibility for a Treasury. Even if the European Civil Servant is no longer so all-powerful as twenty years ago he still enjoys a very pleasant and interesting life.

But he is not well paid, by comparison with standards in British India, although his pay is much higher than in 1900. At that time the newly-joined civilian was expected to live like a gentleman in one of the best hotels on f. 150 a month, and for some years after 1900 he still drew much less than the specialist experts of the new services. This was partly a matter of supply and demand. Candidates for the Civil Service were partly recruited in India; their training lasted only three years, instead of the five or more years required for a doctorate in arts or science; and most of the expense was borne by the State. Now, however, in respect of training and salaries they are practically on the same level as the specialist officers. Before the economic crisis of 1929 the Civil Servant, after a five years' course in the Netherlands, started life on f. 400 a month rising after twelve years to be an Assistant Resident on f. 1200 to f. 1400 a month. Most got no further, but the more capable, who in British India would become Commissioners on Rs. 3000 a month, would rise to be Resident on f. 1500 a month, and a lucky few might aspire to be a Governor or Departmental Head on f. 2000; though it is worth notice that Departmental Heads may be recruited from the specialist services, or even from the business world. The chief prize of the Service was the post of Vice-President of the Council of India on f. 3000. As a result of the crisis these salaries were all reduced by 25 per cent.

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[1] de Graaff, *Verslag*, pp. 24, 26.
[2] Idema, p. 281.
[3] Idema, p. 63.
[4] Dr Colijn, quoted by de Graaff, *Verslag*, p. 25.
[5] de Waal, *Onze Ind. Financien*, v; Pronk.
[6] Pronk, p. 25; Brooshooft, p. 80, and Jaarcijfers.
[7] Kleintjes, ii. 16; Colenbrander, *Geschiedenis*, iii. 99.
[8] *Enc. N.-I.* v. 34; Van Vollenhoven, *Decentralisatie*; Djajadiningrat.
[9] Colijn, *Saevis tranquillus in Undis*, p. 512.
[10] Quoted by Colenbrander, *Geschiedenis*, iii. 100.
[11] de Graaff, *Verslag*, p. 73.
[12] Djajadiningrat, p. 100.
[13] Van Vollenhoven, *Decentralisatie*, p. 102.
[14] Djajadiningrat, p. 89.
[15] de Waal, *Onze Ind. Financien*, v; *Enc. N.-I.* i. 574.
[16] Instr. to Van den Bosch, C. de Groot, p. 98.
[17] *Enc. N.-I.* i. 574; Idema, p. 68.
[18] Idema, p. 165.
[19] Official: *Herzieningsverslag*, p. 31.
[20] *Enc. N.-I.* iv. 612, v. 22; Bergmeijer; Van Deventer, *Een Kamer*.
[21] Van Deventer, Discussion on *Een Kamer*.
[22] *Enc. N.-I.* i. 219.
[23] Idema, p. 24.
[24] *Enc. N.-I.* iv. 612.
[25] *Enc. N.-I.* v. 22; Colenbrander, *Geschiedenis*, iii. 139.
[26] *Enc. N.-I.* v. 22.
[27] Bergmeijer, p. 35.
[28] Official: *Herzieningsverslag*, p. 334; Colenbrander, *Geschiedenis*, iii. 141; Van Vollenhoven, *Indië, Gisteren en Heden*.
[29] Official: *Herzieningsverslag*; Kleintjes, i. 23.
[30] Kleintjes, i. 28; Van Vollenhoven, *Indië, Gisteren en Heden*; Oppenheim, *Proeve v. eene Staatsregeling voor N.-I.*; *Memorie ter aanvulling*.
[31] E.g. *Nederlandsch Indië*, 1 Sept. 1934; Bergmeijer.
[32] Official: *Herzieningsverslag*, p. 104.
[33] Kleintjes (1933), ii. 27; Van Vollenhoven, *Decentralisatie*, and *Old Glory*.
[34] Colijn, *Saevis tranquillus in Undis*, p. 533.
[35] Djajadiningrat, p. 89.
[36] Van Vollenhoven, *Old Glory*.
[37] Hasselman, *Dessadiensten*; de Graaff; Van Vollenhoven, *Old Glory*.
[38] Fokkens, p. 102.
[39] Hasselman, *Dessadiensten*, p. 86.
[40] Official: *Bijblad, 6576*, of 24 Nov. 1906.
[41] Adam, *Autonomie*, p. 100.
[42] Van Vollenhoven, *Ontdekking*, p. 114.
[43] Hoorweg.
[44] Winkler.

CHAPTER X

ECONOMIC PROGRESS

1. *The New Economic Constitution.* In 1900, after fifty years of Liberalism, production for export was almost confined to Java, almost wholly agricultural, and almost wholly Dutch; capitalist investments in India were on a small scale and almost entirely the surplus profits of local Dutch enterprise; agricultural production had made great progress, but despite a rapid growth of planting enterprise, there was little variety of produce, and the native contribution towards agricultural production for export, except as manual labourers, was negligible; mineral development was in its infancy and industrial development was still less advanced; commerce and banking, after a brief period of prosperity, were stagnating, with the wholesale business and banking proper in European, and mainly in Dutch hands, with Chinese as middlemen and money-lenders, and with the Natives restricted to petty retail trade.

When the depression of 1900 gave the death-blow to the policy of *laisser-faire* the new ethical or constructive policy aimed at changing all this; at developing the Outer Provinces as well as Java, and at utilizing the resources of the State to further economic progress, not only in agriculture, but in mineral production and in industry and commerce, both directly by State enterprise, and indirectly by building up material wealth and human welfare. Van Deventer announced the theme with a triple programme of Irrigation, Emigration, Education, and Idenburg and his successors at the Colonial Office, together with Van Heutsz and subsequent Governors-General, re-echoed it in elaborate variations, gradually working out a comprehensive project of wealth and welfare by developing the soil, the forests and the mines, and encouraging agriculture, industry and commerce, and especially by promoting the advancement of the people through education, improving public health, providing credit facilities, and protecting the peasant and labourer against exploitation by the capitalist. Then, with the growth of

Nationalism, it was as if the instruments on which the Dutch Government was playing, came to life and joined in the symphony—but without much regard for the conductor.

An early sign of the new movement was a change in the attitude of Government to agricultural production. Although European and Native Civil Servants had always been expected to stimulate and direct native agriculture, yet, in the atmosphere of Liberalism, State intervention in economic life was reluctant, unorganized and amateurish. In 1904, however, Treub, the Director of the Botanic Gardens, suggested that the various activities of Government in respect of agriculture should be brought under common control; and this led in 1905 to the formation of the Department of Agriculture, intended primarily "to devise measures for the permanent improvement of native agriculture".[1] Economic progress, and the growth of a wider conception of State functions, led in 1911 to the merging of this Department in one of broader scope dealing also with Industry and Commerce, which came to function as the mainspring of economic life and finally in 1934 was converted into the Department of Economic Affairs. But the depression of 1900 acted as a stimulus also to the planters, who came to realize the need for better organization and improved technique, and for developing closer relations with the State. Thus, gradually, and almost entirely during the present century, there has been constructed an elaborate machine, a new economic constitution, in which Government and private enterprise are linked together for increasing production through a common economic control and the organization of scientific research.

Formerly the encouragement of scientific studies was left to private bodies, at first to the Royal Batavian Society of Arts and Sciences, and, after 1850, to the Natural History Association; but the trend of policy during the present century placed matters on a new footing, and led finally in 1928 to the creation of the Council of Natural Science as the coping-stone of a comprehensive organization for scientific research. It comprises thirty members, nominated by Government, with an official as Librarian, and its functions are to advise Government on matters of natural science, to link up the scientists of India with one another and with those of foreign lands, and to promote activities

in which the co-operation of scientific workers needs the support of Government. The numerous Institutions for Pure Science embrace a complex of zoological, ichthyological, botanical and phytochemical museums and laboratories, including the famous Gardens at Buitenzorg and an Aquarium at Batavia; so far as possible the various branches are grouped in sections, with the Director of the Botanical Gardens as their common head. The institutions for Applied Science comprise a number of organizations, formerly independent, but amalgamated in 1918 in the General Agricultural Experimental Station with various sections, and including a Geological Institute, an Agricultural Institute, and an Institute for Plant Diseases. Other institutions for applied science promote industrial production.

All the institutions for the practical study of agriculture may be said to have grown out of the Cinchona Plantation founded in 1854. From the outset cinchona was cultivated with paid labour and for the improvement of production, a notable contrast to the cultivation of crops with compulsory labour for profit under the old Culture System. The subsequent history of cinchona cultivation shows how much the State can do to promote agricultural production in a tropical dependency. The success of the plantation led in 1872 to the cultivation of cinchona by private Europeans, and in recent years it has spread to native homesteads. More than once, in fact, the growth of cultivation has caused embarrassment. By 1890 overproduction by European planters reduced the price to an unremunerative level, and it was not until 1898 that production was brought under control by the formation of the Bandoeng Quinine Factory, one of the earliest signs of the new policy of State intervention. Again, during recent years difficulties have been occasioned by native cultivation, as this opened the market to the Japanese who give out advances and can thus buy up the whole native crop to the prejudice of the Dutch monopoly. In 1926 the uncertain prospects of cinchona led to the cultivation of tea on the Cinchona Plantation, and by 1930, in addition to 2000 acres under cinchona, there were 300 acres under tea. The Director of the Plantation is not a Government servant, and all the employees are in the same position as on a private estate, with their remuneration partly dependent on profits; thus the business

is run on commercial lines and publishes annual accounts. It sells not only quinine, but seed, seedlings and grafts. Formerly it maintained an experimental station, but in 1927 this was transferred to an association of private growers.

The other plantations, known collectively as the Government Rubber Business, originated in some rubber plantations laid out in 1900 by the Forest Department, and subsequently transferred to the Agriculture Department. This business is run on commercial lines in the same manner as the Cinchona Plantation. The plantations under the Director of Rubber grow also coconut, gutta-percha, oil palms and kapok, and are linked up with an enterprise for extracting resin and turpentine. These plantations, like the Cinchona Plantation, have shown the way both to Europeans and Natives; coco-nut and kapok have always been native products, and native rubber has reached such dimensions as to exert a disturbing influence on the world market.

The influence of Government on native agriculture is, however, mainly exercised through the Department of Agriculture, now the agricultural branch of the Department of Economic Affairs. The work of the agricultural branch is distributed over five sections dealing respectively with Agriculture, Horticulture, Fisheries, Agricultural Instruction and, notably, Agricultural Economy. The largest section is that known officially as the Agricultural Information Service. This service is organized territorially, and in the Provincial Governments is under the Provincial Council. Everywhere the local official of the service, the Agricultural Expert (*Landbouwconsulent*), has a place on the local Irrigation and Agricultural Credit Committees, and, before land is leased to Europeans, he must be consulted with reference to the probable effect on native interests; this co-ordination of different services is a special feature of Dutch administration, due largely to the unification of control made possible by large comprehensive Departments. Although the superior service is as yet mainly if not wholly European, there is a large staff of trained native subordinates, and at the *vergaderingen* held periodically by every officer from Resident to Sub-district officer, an agricultural officer may be in attendance to represent the views of his Department and, no less useful, to hear what outsiders think of them. One notable feature of the agricultural

work, typical of the thoroughness and enlightenment of Dutch administration, is that the service aims, not merely to adapt native practice to scientific principles but (what is equally important though apt to be overlooked) to adapt scientific principles to native practice. The Horticultural and Fishery Services work on similar lines, though, naturally, on a smaller scale.

For some years the Agricultural Information Service seemed to be doing little good, until gradually it was realized that this partial failure was largely due to the general ignorance of native agricultural economy. In 1918 a special section was formed to study agricultural economics and, although in the first instance this was intended for the benefit of the plantations,[2] it was soon recognized that the officer in charge of this section could be employed more usefully in connection with native agriculture. As a student of native agricultural economy he came to form a link between the Agricultural Service and the Popular Credit Service, and at length passed over from the Agricultural Service to become Adviser to the Government on Co-operative Credit. A similar development has taken place in respect of agricultural instruction. After the expenditure of much time and money on teaching agriculture to the people, it was realized that it was first necessary to study native agriculture so as to find out what improvements were practicable. Now that a fresh start has been made along these new lines, it seems as if the combined efforts of the agricultural and educational services are bearing fruit; and agricultural officers and others in British India interested in the improvement of agriculture would certainly find it profitable to examine what is being done in respect of agricultural instruction in Netherlands India.

Capitalist enterprise in agriculture needs less assistance from Government than native cultivation, and one of the outstanding features of agricultural progress is the work that has been done by private associations of planters. Reference has already been made to the Experimental Stations and the General Syndicate of Sugar Producers. In 1912 the Syndicate took over the two surviving experimental stations, of which one was studying technical and chemical problems, and the other agricultural problems. Thus the whole sugar industry was coming to resemble a single large corporation. The accumulation of stocks of sugar

during the War led in 1918 to another organization, the Union of Sugar Producers (V.J.P.) to look after the marketing. Other planters followed suit by establishing four powerful unions for tea, cinchona, coffee and cocoa, and rubber, now amalgamated in the General Agricultural Syndicate, which maintains four experimental stations, one for each constituent group, and in other ways does much the same work as the similar organization in the sugar industry. All these associations have their headquarters in Java, but there are others in the Outer Provinces, notably the Union of Tobacco Planters in East Sumatra, and the General Union of Rubber Planters; like those in Java they maintain experimental stations.*

But although capitalist enterprise needs less assistance from Government than native cultivation, there is much which the State can do to smooth out difficulties. In India it does much of this work through three committees, the General Syndicate of Sugar Producers, the General Agricultural Syndicate and the Union of Tobacco Planters of East Sumatra, which are accepted as official representatives of their respective interests; these committees are advisory in respect of Government, but have control over their respective organizations, and over the experimental stations. All these representative bodies are themselves represented on the general Federation of Indian Industry and Commerce (*Ind. Ondernemersbond*), together with the representatives of other European interests, classified under seventeen distinct heads, and they are able therefore to keep Government in touch with all aspects of European enterprise. The President of this Federation is a member of a committee specially constituted to advise Government with regard to economic problems arising in connection with the recent depression, and dealing not merely with matters of interest to Europeans but also with

* Owing to the crisis of 1929, it became necessary in 1932 for Government to come to the support of the experimental stations. Under four Crisis Culture Ordinances it is forbidden to transport rubber, latex, tea, cinchona, coffee or cocoa from the estates without a licence from the *Culture Crisis Centrale*, and the funds derived from these licences go to the conduct of scientific work on the experimental stations, to research on new uses for rubber and latex, and to promoting the consumption of tea. (Dr Cecil Rothe, in *Commodity Control in the Pacific Area*, p. 318; Dr Ir. D. Tollemaar, "Ontwikkeling en Toekomst v. h. Natuurwetenschappelijk Onderzoek voor N.-I." (*Kol. Stud.* June, 1937, p. 237.)

Native interests. Thus, through the Agricultural Department and these various semi-official and official institutions and committees, the whole structure of economic life is linked together in an elaborate economic constitution functioning in respect of economic matters very much as a political constitution functions in political affairs, and the State has, as it were, a dual framework, political and economic.

2. *Capital.*[3] Not only has a new economic constitution taken shape since 1900, but the whole economic system has been transformed. Already in 1900 it was definitely capitalist, but the investments of capital were on a small scale, were in Dutch hands, and were mainly confined to Java. But just about that time large organizations all over the modern world were beginning to reach out for the control of raw materials; partly on this

Prices of Tropical Produce
(per pikol)

Year	Tin	Java coffee	Copra	Sugar
1895	47·8	60·6	6·40	7·75 (*a*)
1900	98·5	37·8	8·0	4·50 (*b*)
1905	107·3	34·6	8·3	6·87
1910	114·1	51·2	11·75	7·00

(*a*) Price for 1896; (*b*) price for 1902.

account, and partly from other causes there was a general rise in the value of tropical produce between 1900 and 1910. The Brussels Convention of 1902 gave new life to sugar, and coffee took an upward turn after 1905; copra and hides, both native products, reflected the new trend, and there arose a demand for cassava for the manufacture of French brandy; the markets for rubber and petroleum, already greedily absorbing available supplies, were feeling the first impulse of the petrol engine. For some of these products the Outer Provinces were more suitable than Java, and Van Heutsz was bringing new areas under effective administration. Thus international capital found a welcome field for investment, and poured into India in a stream continually increasing in volume.

It was indirectly a result of the Culture and Consignment

System that foreign capital first obtained a favourable opening in Netherlands India. While independent Dutch merchants and shippers were stifled by the N.H.M., English firms that wished to obtain Java produce had to maintain agencies in Java and, when the trade was thrown open, the English merchants were in sole possession of the field. English banks opened branches to meet their requirements, and thus Java became linked up with English capital. A further tie was established from 1873 onwards, when Assam tea began to displace China tea, and about 1900 the investment of English capital in tea plantations was the first introduction of foreign capital on any considerable scale. Then about 1905 the English began to take a prominent interest in rubber, and by 1912 out of 101 rubber companies in Java 50 were in English hands. In Java, however, Dutch interests preponderated, because sugar was far more important than all other products together, and this was wholly controlled by the Dutch or by Chinese, Dutch subjects. But in the Outer Provinces matters were very different. Here the principal "culture area" was in the East Coast of Sumatra, the tobacco region. The successful cultivation of tobacco at Deli in the 'sixties speedily attracted British, Swiss and German capital, and towards the end of the century the British took to planting tea and, a few years later, tobacco. By 1913, of some f. 206 million invested in agriculture in East Sumatra, only some f. 109 million was Dutch. The apprehension aroused among the Dutch by this rapid increase of foreign capital was intensified when, about 1910, some of the large private estates (*particuliere landerijen*) began to pass into English and French ownership. The War, however, allowed the Dutch time to rally by cutting off the supply of foreign capital; after 1920, when investment was resumed, the Dutch share was larger, and in South Sumatra, the most recently developed culture area, there is a larger proportion of Dutch capital than in East Sumatra; though even in South Sumatra nearly 40 per cent. of the capital invested in agriculture is foreign. Another development of the present century has been the employment of Chinese-Dutch capital in agricultural production, and in 1923 this was estimated to amount to f. 250 million, which is little short of the British capital. In 1929 the foreign capital invested in crops, other than

sugar, over the whole of Netherlands India was just over 40 per cent.; and the introduction of Japanese capital has aroused new misgiving. The figures are given in the following table.

Agricultural Capital (f. mil.) in the three Culture Areas, 1929

Nationality	Culture Area			Total	Total invested in	
	Java	East Sumatra	South Sumatra		Sugar	Other crops
Dutch	1118·0	360·7	57·2	1535·9	779·6	756·3
British	142·0	124·7	11·2	277·9	10·1	267·8
Franco-Belg.	35·9	72·5	3·2	111·6	—	111·6
U.S. America	—	53·0	—	53·0	—	53·0
Japanese	5·9	13·7	—	19·6	3·7	15·9
German	5·7	8·1	4·0	17·8	—	17·8
Swiss	—	4·4	0·7	5·1	—	5·1
Italian	2·1	—	—	2·1	—	2·1
Others, known and unknown	22·3	4·9	13·8	41·0	—	41·0
Total	1332·4	642·2	90·4	2065·0	793·5	1271·5
Per cent. of foreign cap.	16·1	44·1	36·8	25·7	1·7	40·5

A similar trend is noticeable in industrial development, especially in oil. The prospector who discovered the Borneo oil-field was unable to obtain funds in Holland, and the result was the formation with English capital of the Shell Co., which subsequently came to an arrangement with the Royal Dutch Company. For some years Americans strove without success to obtain a footing, which was at length secured in 1912 when the Standard Oil Co. founded the Ned. Kol. Petroleum Mij. Both Americans and French also had by this time an appreciable holding in the Royal Dutch Co. Thus between 1900 and 1914 the capital invested in oil took on even more of an international character than the agricultural capital. Here, likewise, a notable post-war feature is the introduction of Japanese capital by the opening of the Borneo Oil Co. in 1930.

One matter which deserves attention is that this foreign capital is almost wholly employed in the production of material wealth, whereas much of the Dutch capital is employed in

investments which are concerned, at least indirectly, in the promotion of social welfare and the permanent interest of the people by investment in State and municipal loans, and in rail and tramways.

The total capital invested in Netherlands India in 1929, before the depression, has been estimated at f. 4000 million (of which f. 1000 million was in oil.)[4] A similar estimate for 1915 makes the total at that date only f. 1500 million,[5] and in 1900 it was probably less than f. 750 million.

3. *Agricultural Production:* (*a*) *European.* This large influx of capital is reflected in the large increase in the area opened up for European agriculture on land held from Government on *erfpacht*, or rented from native cultivators. The figures for Java are given in the margin; those for the earlier years in the Outer Provinces are too defective to reproduce. These categories, however, do not cover all the land held by Europeans or for European agriculture, as this comprises the large private estates (*particuliere landerijen*) and the land held on concessions from native rulers, which are excluded from the marginal table on account of changes that preclude a comparison with former years. All the classes, however, are shown for 1930 in the table on p. 313. It deserves notice that in Java the area planted for European agriculture is nearly one-tenth of the area (7·7 mil. hectares) cultivated by native methods; for the Outer Provinces a similar comparison cannot be made. It should also be noticed that by 1930 the area of concessions in the Outer Provinces exceeded that in Java; these, however, as shown in the marginal table, are mainly confined to the two Culture Regions of North and South Sumatra.

Land in Java opened up for Plantation Agriculture (*ha.* 000)

Year	*Erfpacht*	Rented from cultivators
1900	117	89
1915	225	118
1920	267	134
1930	566	204

Planted Areas in Outer Provinces (*ha.* 000)

North Sumatra	381·0
South Sumatra	71·9
Sumatra Islands	17·2
Borneo	16·8
Celebes	20·1
Moluccas	13·6
Sunda Islands	2·8
Total	523·6

Area of Plantation Agriculture in 1930 (*ha.* 000)*

	Private estates			*Erfpacht*			Held from Native States		
	(*a*)	(*b*)	(*c*)	(*a*)	(*b*)	(*c*)	(*a*)	(*b*)	(*c*)
Java	502	347	43	680	566	374	70	70	61
O. Pr.	2	—	—	1071	530	131	1250	1114	392
Total	504	348	43	1751	1097	505	1320	1184	453

	Rented from cultivators			Total		
	(*a*)	(*b*)	(*c*)	(*a*)	(*b*)	(*c*)
Java	204	204	197	1457	1188	676
O. Pr.	—	—	—	2324	1646	523
Total	204	204	197	3781	2834	1200

(*a*) Granted; (*b*) opened up; (*c*) planted.

* *Ind. Verslag*, 1932, ii; Tables 180, 183, 197, 198. For the wide difference between the figures under heads (*b*) and (*c*) on Private Estates, see below; elsewhere it may be due to the practice of putting land under tobacco only once in eight or ten years.

Together with this growth of capitalist agriculture there has been a growing recognition that, even in its own interests, capital must be brought under control, and that the former policy of *laisser-faire* must be abandoned. This new tendency can be traced in all forms of tenure by which Europeans hold land.

On the private estates (*particuliere landerijen*), granted for the most part by Raffles, the landlord had a right, as representative of the State, to one-fifth of the produce and could also take rent, almost without restriction. Throughout the nineteenth century the oppression of the cultivators caused periodical outbreaks and successive committees of enquiry; but nothing was done. Gradually, however, the problem took on a new character. Many of the estates passed to the Chinese, who were in ill favour as a dangerous foreign element, and Fock in his Report of 1904 suggested the repurchase of the estates as one means of enhancing native welfare and diminishing Chinese influence. Although a proposal to this effect in 1906 failed to pass the Second Chamber, the acquisition of some of the estates by English and French capitalists produced a change of opinion. In 1910 Parliament

sanctioned the purchase of one estate, and in the following year provision was made for the gradual resumption at an estimated cost of f. 400 million of the whole area held on this tenure. By 1930 an area of 647,649 hectares had been resumed at a cost of f. 81·3 million, leaving 502,016 hectares still in private ownership. The general neglect of these lands by their owners is suggested by the fact that, as shown in the table above, less than one-tenth of this area was used for plantation agriculture; the balance is occupied by Natives, growing native crops, and the owners of the estates merely take rent. It was expected therefore that the resumption of the estates would prove remunerative but, as the demands on the cultivators were reduced immediately on resumption, and again still further on the introduction of land-revenue, this expectation has not been fully realized, although the cultivators should now be in a better position than before.

As regards *erfpacht* lands, little change has been necessary, altnough, during the present century, more consideration has been paid to native interests in the granting of these concessions. But the conditions of European enterprise on land in Java held from native rulers have been placed on an entirely new footing.[6] During the nineteenth century it was the practice for the rulers to transfer to European capitalists their rights over the cultivators. The capitalist did not obtain a lease of the land, but he obtained a right to half the produce of cultivation within the area transferred to him; ordinarily he took over half the land of the cultivators and employed them to cultivate it with unpaid labour; it was "the pure culture system of Van den Bosch, but in the hands of private capitalists". On this system the Native States became conspicuous for the poverty of the people. Attempts in 1884 and again in 1906 to improve conditions by tenancy legislation were unavailing. But the tenure of the capitalist was insecure, and this made it possible in 1918 to come to an arrangement by which the planters were guaranteed possession for fifty years on condition that, in place of these contracts with the rulers, they would accept agreements with the actual cultivators as in other parts of Java.

There have been great changes also in respect of the enterprises on land leased from the cultivators. As already noticed, capitalists soon devised means for circumventing the rule for

registration of the contract and other provisions of the Rent Ordinance of 1871 which were intended for the protection of the cultivator. But this Ordinance failed also to give the planter what he chiefly wanted—security of tenure, and facilities for making a single agreement with a large body of cultivators instead of numerous agreements with individual cultivators. Arrangements were therefore made in new Regulations in 1895 and 1898 to allow communal contracts, provided that they were accepted by a two-thirds majority of those entitled to a share in the village land, and to extend the duration of such contracts from five to twelve years; on the other hand the registration of these contracts was made compulsory, and the omission to register a contract became a penal offence; a further stipulation, that no agreement might be made before the year preceding that in which it was to take effect, was designed to minimize the abuse of the system of advances. Difficulties, however, were still experienced, and in 1918 an attempt was made to meet them by a Minimum Rent Regulation. Under this Regulation planters could obtain land for a period of $21\frac{1}{2}$ years on condition of paying rent at a rate fixed by Government on the basis of the land-revenue; it was still permissible, however, to settle rents by private agreement at a lower rate. With such a private agreement the planter is not certain of his land for more than two crops ahead; but in many areas, where the planters and the people are on good terms, the planter prefers to pay a low rent with little legal security of tenure to paying a higher rent with security guaranteed by the Regulation.

In the Outer Provinces likewise there have been large changes during the present century in the conditions of European tenures.[7] The first successful endeavour to open up the Outer Provinces for agriculture was in 1863, when Nienhuys obtained from the ruler of Deli a concession of 1000 bouw for 99 years. The success of his tobacco cultivation attracted many Europeans, who obtained from native rulers agricultural concessions on which the rights of the peasants were entirely disregarded. Government therefore found it necessary to intervene, and in 1872 devised a model form of contract, which was revised in 1892. But the invention of the Short Contract (*Korte Verklaring*, p. 237) in 1898 gave Government a freer hand, as it enabled

Government to require the surrender by native rulers of their powers to grant concessions. Although there were already some grants on *erfpacht* in the Outer Provinces, it still remained the practice for some time to grant agricultural concessions. These concessions, however, were not wholly to the advantage of the capitalist, because his title was encumbered with the claims of peasants, whereas a concession on *erfpacht* was a clean title, free of all native rights. It was therefore laid down in 1919 that agricultural concessions should no longer be granted, and, as these gradually expire, they are being replaced by concessions on *erfpacht*.

These various restrictions on capitalist enterprise must have contributed largely towards promoting the welfare of the people. The planters, on the other hand, even when recognizing the need for Government control, contend that they could produce a larger out-turn if uncontrolled. Yet, despite the restrictions, there has been great progress in agricultural production. This is most notable in respect of sugar, tea, rubber and copra; the output of coffee, after a long period of decline, has reached about the same level as at the height of the Culture System, but shows great annual variations; there are great variations also in the production of tobacco. The growth of production is shown in the following table:

Production of Chief Plantation Crops, 1900–1930
(metric tons × 1000)

Year	Sugar	Coffee	Tobacco	Tea	Rubber	Copra
1900	744	41·0	(*a*)	6·6	(*b*)	(*c*)
1905	1039	31·5	—	11·2	—	—
1910	1280	15·0	48·3	15·0	—	—
1915	1348	37·2	56·9	40·8	15·8	—
1920	1588	43·0	30·5	40·0	58·6	—
1925	2261	61·1	56·6	52·6	106·4	17·5
1930	2915	40·3	60·5	71·9	153·5	25·7

(*a*) Earlier figures incomplete. (*b*) Export (*Hevea*) began 1912.
(*c*) Earlier figures not available.

A few notes on these products may not be out of place. Sugar is mainly grown on village land rented to the factory, ordinarily by a communal agreement, and the cultivators make over the

crop when it is ripe for cutting. The cane is planted from April to July and harvested in the following year from May to October; the land then returns to the village for rice cultivation, but meanwhile another stretch of land has been rented to the factory for sugar. In addition to the rent, the factory pays for labour on the crop and, separately, for cutting the cane, and also provides many villagers with work in the factory during the milling season. Before the crisis of 1929 there were 180 factories employing over 60,000 permanent hands and, during the busy season, the "campaign", over 700,000 temporary hands.[8] The supply of labour was ensured by advances to the coolies, usually accompanied with a bonus to the village headman, who would see that the men came to work regularly or provided a substitute; thus, each coolie might receive an advance of f. 10, and the headman f. 1 per coolie. In the milling season there were two shifts, each of twelve hours, on a wage of 40 to 45 cents; after the milling the work was less arduous and the wage only about 30 cents. On field work a man could earn f. 1 a day, but usually preferred to work half a day for 50 cents; much field work was done by women and children at 10 to 20 cents. On a large factory with 3000 bouw, the annual working expenses were about f. 3 million of which the natives received about f. 1 million in wages and f. 130 thousand in rent. In 1920 the yield had remained fairly steady for some years at about 100 quintals per hectare, but in 1925 the discovery of a new variety "POJ 2878" made possible a yield of about 160 quintals per hectare, and the total production rose[9] from 1973 thousand metric tons in 1926 to 2373 thousand in 1927 and 2948 in 1928.

While the people are cultivating sugar for the factory they are also cultivating rice and other home crops on the rest of the village land, ordinarily two-thirds of the total area. Government constructs and maintains the irrigation works, making no charge for water, except a charge of about f. 5 per bouw to the factories for distributing it over the plantations. During part of the year the sugar plantations and village cultivations need water at the same time, but sugar needs closer control over the water-supply than rice, and disputes over irrigation have been numerous. One solution has been the distribution of water to the plantations from 6 a.m. to 3 p.m. and to the village fields from 3 p.m. to

6 a.m. Before the depression Natives were beginning to cultivate sugar on their own account.

Tobacco is another crop in which the cultivators co-operate with the planters in production; but with this crop, instead of making land over to the planters, the people cultivate it under the directions of the planter. The arrangements differ in each of the three chief centres. In East Java the risk is divided, as the planter pays the land-revenue and supplies seedlings to the Native, and buys the produce; in the Native States of Mid-Java the cultivation was formerly so elaborate as to resemble horticulture, but it has been less remunerative since the agrarian reforms of 1918; in Deli, reputed to grow the finest wrapper leaf in the world, the land is cultivated with tobacco only once in eight or more years and then fallowed. Tobacco is also of great importance as a purely native crop.

Coffee has regained some of its former importance since the discovery of *C. robusta*, and there is a considerable Native cultivation in S.W. Sumatra and Celebes. The Natives have also taken to the cultivation of tea, but their produce is inferior to estate tea. Rubber (*Hevea*) was introduced by Government about 1900, but not taken up by the planters until after 1905, and it was still insignificant up to 1913. The production then grew rapidly, but it was the Stevenson Restriction Scheme, which did not apply to Netherlands India, that gave the planters their great opportunity: in 1925 Netherlands India produced about one-third of the world supply and by 1927 about one-half. Rubber has also become a very important native crop. Copra, on the other hand, was originally a native crop and has only been taken up by planters during recent years. The only crop of importance which has gone backward since 1900 is indigo. In the early days of the Culture System the cultivation of indigo was regarded as the most obnoxious to the cultivator, and, when greater care was taken for his well-being it became less profitable. Cultivation spread, however, to the Native States and made headway, until synthetic indigo, first discovered in 1875, was placed on a paying basis in 1896. From 1900 exports decreased, gradually at first, from 587 thousand kg. in 1900 to 509 in 1905, and then rapidly, so that by 1913 the export was reduced to 76 thousand and a large quantity was imported.

One notable feature in plantation agriculture of recent years has been the cultivation of secondary crops as an insurance against market fluctuations in the main crop, and the wide range of production is of great value as adding to the economic strength of Netherlands India in periods of depression. The following table shows the principal plantation crops:

Principal Plantation Crops, 1930

	(*a*)	(*b*)		(*a*)	(*b*)		(*a*)	(*b*)
Sugar	179	198·0	Rubber	1112	573·0	Tobacco	117	52·6
Coffee	431	130·3	Gutta-percha	3	1·3	Kapok	140	17·6
Tea	323	126·9	Ficus	14	0·6	Cantala	13	6·8
Cocoa	21	5·3	Oil palms	48	61·2	Sisal	20	12·5
Nutmeg	26	2·1	Essential oils	99	10·8	Hemp, etc.	27	20·3
Pepper	28	1·7	Cinchona	125	19·0	Cutch	15	1·9
Cassava	8	3·3	Copra	698	51·6	Cassava	8	3·3

(*a*) No. of Estates; (*b*) Area planted (ha. 000).

3 (*b*) *Native Agriculture*.[10] Great as has been the progress of plantation agriculture during the present century, the progress of native agriculture has been even more remarkable, both in the variety of produce cultivated and in the evolution of new forms of tenure. The private ownership of land, the great Liberal specific for agrarian depression, has been steadfastly rejected, and little advantage has been taken of the facilities granted in 1885 for the conversion of native possession into private ownership; but there has been a constant trend in the direction of individual against communal possession, as is illustrated in the following table. Individual shares, however, are far too small for efficient cultivation and the average holding is only $2\frac{1}{2}$ acres,

Growth of Individual Possession, 1882–1927

Year	1882	1927
All villages: percentage with whole land in individual possession	18·5	38·7
Communal villages: percentage with		
(*a*) Shares held for life	45·0	61·1
(*b*) Shares redistributed; of which	53·6	32·2
Shares redistributed annually	*35·7*	*18·0*

NOTE. In a few villages mixed tenures prevail; 1·4 per cent. in 1882 and 6·7 per cent. in 1927.

including both irrigated and dry land. Figures indicate that in East Java, where individual possession obtains, there is a tendency towards aggrandizement, and a survey in 1924 showed 3387 people with a holding of 25 bouw (40 acres) or more as against 2182 with an equivalent holding in 1905.[11] Scattered references to land-grabbing suggest that the tendency has in fact gone much further, and a native officer mentioned cases where the whole land of a village has passed to the local money-lender; but it is clear that in general it is held in minute shares by peasant cultivators and that, in comparison with British India, money-lenders own very little of the land.

This minute subdivision of the land, which usually presents a formidable obstacle to improvement, makes the progress of recent years all the more impressive. Unfortunately, until quite recently, agricultural statistics have been so defective that the progress cannot be measured by figures. But Van Deventer in his Report of 1904 paid little attention to any crops other than rice, and in the Enquiry into Diminishing Welfare held in 1905 they were still regarded as unimportant. The Report on the Enquiry into Economic Conditions in 1924, however, showed a very different picture. Cultivation was still mainly for home consumption, but there was a much wider range of crops, and many of them were grown for export; among important food crops it mentions maize, tapioca, sweet potato, ground nut, soya beans, potatoes, and chillies, and among export crops rubber, tobacco, tea, copra, kapok and native sugar. Some idea of the progress of native agriculture is given by the figures for the export of native produce in the following table:

*Export of Agricultural Produce (values f. mil.)**

Year	Java and Madura			Outer Provinces			Netherlands India		
	(*a*)	(*b*)	(*c*)	(*a*)	(*b*)	(*c*)	(*a*)	(*b*)	(*c*)
1898	120	5	4·2	33	10	31·7	153	16	10·1
1902	136	13	9·6	47	24	51·3	183	37	20·3
1913	274	43	15·5	125	55	42·3	399	98	24·5
1925	726	101	13·9	729	429	58·8	1455	530	36·4
1929	588	104	17·7	495	291	58·8	1083	395	36·5
1930	474	70	14·8	385	189	49·1	859	259	30·2

(*a*) Total value; (*b*) value of native share; (*c*) percentages.

* From *Landbouw Exportgewassen* in 1931.

According to the source from which these figures are taken the percentage of native production of various crops in 1931 was 95 for coco-nut, 91 for kapok, 79 for tobacco, 57 for coffee, 35 for rubber and 19 for tea; and among crops of less importance 99 for pepper, 67 for essential oils, 64 for mace, etc., 44 for cutch and 8 for cocoa. Some of the native produce is bought up by planters and appears under the head of estate produce; thus the 71·9 thousand tons of tea exported by the plantations in 1930 include 15 thousand tons of native tea, and 60 thousand tons of tobacco include 11 thousand grown by Natives. It deserves notice that this is a recent feature and, so recently as 1909, the natives sold less than 2000 tons of tea to the estates.

One of the most interesting of these new crops is cassava. This was introduced by the Dutch, and the Regents tried for many years to encourage its cultivation but with little success. Then, about 1895 cultivation grew rapidly when a demand sprang up for it in France as a substitute for grapes in cheap brandy. When this was prohibited exports declined until other uses were discovered. Now it is exported as *gaplek* (dried roots), a cheap raw material for alcohol, glucose and cattle fodder, or else it is sold to factories, mostly Chinese, for conversion into meal or tapioca. It is also used by the people for food, and in some parts is even preferred to rice, though less nutritious.

Another interesting crop is sugar, of which cultivation by natives has expanded considerably, despite the opposition of the planters and, to some extent, of the Civil Service.[12] Kapok is of interest because the treating of this product was one of the earliest experiments in native industry, which succumbed, however, to Chinese competition; the export rose from 4013 tons in 1900 to 21,025 tons in 1931.* Tobacco has always been a favourite native crop from the time of the Company, but with the development of a native cigarette industry the area under tobacco has grown very rapidly of late years (from 132 thousand bouw in 1900 to 278 thousand—the maximum—in 1924); and it is notable that in the manufacture of cigarettes the Natives have been able to stand up against Chinese manufacturers, partly, it may be, owing to their being in closer touch with the market

* The figure for 1931 refers to fibre only; there were also exported 15,961 tons of seed, 2577 tons of oil and 22,489 tons of cake.

and more sensible of native requirements. The expansion of the area under potatoes from some 10,000 bouw in 1903 to 34,000 bouw in 1927 deserves mention because it is in great part due to the combined propaganda of the Agricultural and Popular Credit Services.

But the most conspicuous example of progress in native cultivation is rubber, especially in the Outer Provinces, where many native rubber-planters keep in close touch with the European market, maintain banking accounts and settle their bills with cheques. The British Consular Reports make frequent references to the progress of native rubber, and in 1924 gave a very favourable account of the native plantations in Sumatra, where it appeared that the gardens were well cared for, the trees well planted out and tapped according to the usual estate practice, and even the manufacture, though crude, was based on European methods.

The rich soil and abundant rainfall of Java enable the people to grow this wide variety of crops, and it is difficult to conceive a more generous land than the Preanger region with its red loam, and water seeming even to flow uphill, so that one can see every stage of rice cultivation, from ploughing to reaping, going on simultaneously in adjacent fields. But although the land has always been generous, it is only of quite recent years that the people have used it so profitably, and it may be well to consider the reason for this change. When *laisser-faire* failed to enrich the people, the usual explanation was their lack of economic sense. Possibly that was not wholly ill-founded, for both under the Culture System and under Liberalism their economic aptitude found no outlet and tended to atrophy. But there is quite sufficient evidence that they have always shown at least some response to the economic stimulus. Doubtless the example of plantation agriculture has encouraged them to seek new paths, as is indicated by the growth of native sugar cultivation. Much also must be attributed to the activities of the Agricultural Service under the fostering care of the Civil Service, with the Controleur exercising gentle pressure in the *vergaderingen* and elsewhere. But there can be little doubt that the remarkable development of native agriculture during recent years is one aspect of the general renascence which is more obvious, because

more vocal, in political developments and is, in fact, a reaction of Nationalism on economic life.

4. *Irrigation.* A more material factor in agricultural progress, both on the estates and in the villages, is the improvement in irrigation. One notable feature of the irrigation policy in Netherlands India is that water is supplied free of charge; there is not, as in British India, a water-rate, nor is land-revenue enhanced because water is supplied by the State. One is inclined to look for an explanation in the fact that planters and people work the same land in turns; a charge for water could not well have been levied on the people without also being levied on the planters, which, at the end of the last century when the planting interest was strong, would probably have found as little favour in Parliament as Bergsma's unsuccessful attempt to place an import duty on cotton goods; but much of the irrigated land does not benefit the planters, and many of the irrigation systems are old native works; moreover land-revenue has always been of comparatively small importance and at that time land-revenue procedure was still primitive, so it may be that this source of income, obvious as it seems in British India, was merely overlooked. But, although planters and people have a common interest in the water-supply, they are competitors in using it, and frequent disputes led in 1893 to an arrangement for limiting the area planted with sugar, and for requiring the planters to contribute to the cost of distributing it over their plantations. Since then various devices have been adopted to reconcile their differences, and in areas where the demand already pressed on the supply of water the new factories have been expected to share in the cost of improving the supply, while some have even arranged for irrigation at their own expense.

In the earlier years of irrigation much money was wasted, notably on the most ambitious scheme, for irrigating the Solo Valley, which had to be abandoned after many years of work and the expenditure of some f. 17 million. But, where European interests were so keenly interested in the improvement of the water-supply, it is not strange that irrigation took a leading place among the schemes formulated at the beginning of the present century for the welfare of the Natives. Unfortunately it is difficult to measure the increase in the irrigated area. With the

perversity which seems inherent in agricultural statistics, the principles adopted by the Irrigation Service for calculating the irrigated areas differ from those adopted in the annual Colonial Reports, and in both systems there have been recent changes. According to the Irrigation returns 687,796 bouw of "irrigated land for which permanent works are maintained" in 1910 rose to 1,244,801 bouw of "technically irrigated land" in 1930; but these figures exaggerate the increase in the irrigated area as the latter term is more comprehensive than the former. Probably the figures given in the table below, which are based on an analysis of those in the Colonial Reports, are not seriously incorrect.

Irrigation in Java (excluding the Native States) (bouw 000)

Year	Area of irrigated rice-land	Area of unirrigated rice-land	Total area of rice-land	Average annual increase of irrigated land
1885	1677	1020	2697	—
1900	1776	1141	2917	6·6
1915	2270	1129	3399	32·9
1930	3123	1129	4252	56·8

NOTE. *Ind. Verslag*, 1932, ii, Table 192. Area in Native States (·362 mil. bouw) excluded, because omitted in earlier returns; see J.C. 1921, p. 61.

5. *Fisheries.* In the interior of Java, the fisheries, mostly artificial, are so closely linked with agriculture that they are assessed to land-revenue as "dry land". The fishery industry is of great importance to the people, for "rice and fish together form a Javanese meal and all the rest is supplementary". But the abolition of the auction of the fisheries in 1864, in pursuance of the Liberal policy of free trade, together with the pollution of the streams by the sugar factories and the employment of wasteful methods of taking fish, had the result that by the beginning of the present century a growing population was increasingly dependent on imported fish. Since then great attention has been paid to the conservation and improvement of the fisheries and to methods of fishing both in the sea and inland, and with most gratifying results. The methods adopted and the results deserve close study in other tropical countries where the

fisheries are of importance as an economic asset, but, as they have been described elsewhere,[13] there is no need to discuss them here. One matter, however, should be mentioned, as illustrating a general principle in the economic development of tropical dependencies. Despite the common impression that Javans are incapable of aspiring beyond retail trade, it appears that, before the sugar plantations were ruined by the depression of 1929, native merchants on the coast were sending up wagon-loads of dried fish by rail to the coolies on the estates, so that as in other cases where producer and consumer are both Javanese, the middlemen and merchants may also be Javanese.

6. *Forests.*[14] The extension of State activity since 1900, notable in agriculture, in veterinary work and in the fisheries, is no less conspicuous in the forests. The new Forest Regulation of 1897 provided for the division of the teak forests into ranges of about 5000 hectares, and for the resumption of existing leases as they expired, with a view to the supersession of private enterprise by State extraction. A new Regulation in 1913 made this policy more effective. In respect of jungle woods the main object of policy is conservation rather than exploitation. So far very little has been attempted towards controlling or exploiting the forests in the Outer Provinces, but the requirements of Java have led to the building up of a large Forest Service. In 1930 the superior staff comprised a Chief Inspector, 11 Inspectors and 123 Assistant Conservators, all trained in forestry at a University in Europe; there were 165 Rangers, Surveyors, etc., mostly European but trained locally, and 2073 Foresters and Forest Guards. The marginal table shows the extension of State management, and its financial success is indicated by the rise of the net forest revenue from f. 1·02 million in 1897 to f. 9·4 million in 1927.

Areas under State and Private Management in the Teak Forests of Java (ha. 000)

Year	State	Private	Total
1900	—	655	655
1910	97	573	670
1913	137	549	686
1920	305	433	738
1930	698	97	795

7. *Mineral Production.* During the nineteenth century, despite all Liberal dogmas, the production of minerals was mainly conducted by the State. The original Decree of 1850 and the Regulations of 1873 both assumed, and were intended to

encourage, private enterprise; but the Banka mines had always been a State concern, and private capitalists were chary of risking their money in mining projects, so that by 1900 the Billiton Tin Co., founded in 1852 at the instigation of Prince Henry, was still the only private company of any importance.

Meanwhile an episode in connection with this Company had demonstrated the influence which large financial interests might exercise on policy. The Regulation of 1873 provided that, except by special permission of the Crown, all new concessions, and all renewals, should be thrown open to public competition. Nevertheless in 1882 the Governor-General, s'Jacob, an ex-planter, renewed the Billiton concession on his own authority and on very favourable terms, although it was not due to expire for another ten years. Parliament would not ratify his concession and s'Jacob had to resign, but in the prolonged discussions on the matter the huge profits of the Company were well advertised, and it appeared that on an original capital of f. 5 million gradually reduced to f. 1 million, the Company made a net profit of f. 54 million in forty years. This episode strengthened the hand of the Socialist Deputy, Van Kol, when in connection with the Mines Law of 1899 he urged that mineral deposits should ordinarily be exploited by the State; and it is significant that in a House of seventy members with only three professed Socialists he managed to gain eleven votes. He was not indeed wholly defeated, for the new Act allowed the closing of certain areas to private enterprises; other important features were that for the first time a clear distinction was drawn between surface and subsoil rights, and between licences for exploring or prospecting and concessions for mining. A few years later the great Governor-General Van Heutsz came to the support of Van Kol in insisting on protection for State interests, and a new Mines Law in 1910 enabled Government to exploit concessions, or to enter into partnership for that object with private firms. After keen debate and prolonged negotiations Government decided to form a new Oil Company which should link up with, and be managed by, the existing private companies. Thus by 1930 there were five State mines: Banka (tin); Ombilin, Bukit Asem and Pulu Laut (coal); and Tambang Sawah (gold and silver); there were two concerns in which Government had a large share—the N.-I.

Oil Co. and the Billiton Tin Co.; and there were also Government interests in other mineral concessions.

Tin. The final arrangement with the Billiton Company in 1892 was the formation of a new Company with a Board of five members, of whom three should be appointed by Government. The Singkep Co. founded in 1889 was less prosperous, but in 1907 a new concession covering sea-dredging gave it new life. There was no further development until a new demand for tin led to the foundation of the Stannum Co. in 1925 and the N.-I. Tin Exploitation Co. in 1926; but these failed to withstand the depression and closed down in 1930 and 1931 respectively; the Singkep Co. also closed down in 1931.

Under the agreement of 1892 the new Billiton Co. undertook to pay 5/8ths of the net profits to Government; the Singkep Co. originally paid 4 per cent. on the gross product, but subsequently 5/16ths of the net profits, and this arrangement was made likewise with the companies formed later. Now, however, Billiton is a semi-Government enterprise. Some of the Banka tin is smelted locally, but the rest, and also the whole product of the other companies, is smelted in Singapore. Although much of the ore is still gained on primitive methods by labourers, mostly Chinese, either on contract or on free agreements, there has been a great improvement in technique during the present century and a much larger use of machinery.

Coal. The State coal-mine at Ombilin gave satisfactory results, but, up to the War, the private mines never yielded more than a few thousand tons, except at Pulu Laut, which was taken over by the State in 1913. After the War, however, there was a large increase in private enterprise, although it has never given so much as one-third of the total output. Thus in coal, as in tin, the State has shown the way to private enterprise. It deserves notice that much of the labour on the coal-fields is Javanese, and on the State mines some convict labour is employed.

Oil. But the chief feature of mineral production during the present century has been the exploitation of petroleum. The principal sources were known to the Mines Service in 1863; but experimental borings gave unsatisfactory results until, between 1880 and 1890, prospectors, independently and almost at the same time, discovered oil in paying quantities in Sumatra, Java

and Borneo. The first concession was granted to Zijlker in 1883 but, as he could not attract sufficient capital, he induced Government to take an interest, so that in oil, as in tin and coal, private enterprise waited on State initiative. By 1890, however, he had made such progress that he was able to found the Royal Dutch Company. In the same year Stoop, a brother-in-law of Van Deventer, reconstituted a company, formed three years earlier, to work deposits near Surabaya, and gave it the name of the Dordtsche Petroleum Co., which came to specialize in building up the local market in India. A more important discovery was that of Munten in Borneo; but as, like Zijlker, he could not raise sufficient private capital in Holland, he turned to London and, with the help of Sir Marcus Samuel, formed in 1898 a company which later became famous under a new name as the Shell Co.

By this time the Royal Dutch Co. was making rapid headway, and in 1901 it made a producer's agreement with the Shell Co., soon followed by the foundation of the Asiatic Petroleum Co., to act as a central sales organization for both. After a severe struggle with local and foreign rivals, the Royal Dutch Co. achieved security and pre-eminence by a fusion with the Shell Co., in which the former provided 60 per cent. and the latter 40 per cent. of the capital for two new companies, the Batavian Co. to exploit their concessions, and the Anglo-Saxon Petroleum Co. to market the produce. The Batavian Co. then bought up the Dordtsche Petroleum Co. so that the Royal Dutch Co. succeeded finally in dominating the petroleum industry of Netherlands India.

Its position, however, has not gone unchallenged. The capital of the Royal Dutch Co., though mainly Dutch and English, was partly also French and American. But the Americans wanted a free hand, and the Standard Oil Co. of America, after endeavours to secure a footing from 1898 onwards, succeeded in opening the Dutch Colonial Petroleum Co. in Palembang in 1912. Then later, in 1930, the Japanese entered the field by forming the Borneo Oil Co. to exploit a concession in Kutei. But the Royal Dutch Co. still retains its supremacy, and in 1930, out of a total production of crude oil of 5531 thousand metric tons, the Royal Dutch produced 4680 thousand; the Dutch Colonial Petroleum

Co. (American) 609 thousand; the State N.-I. Oil Co. 240 thousand, and all other companies together only 2 thousand.

Other Minerals. Other mineral products are of small importance; the chief are gold and silver, mostly in Sumatra; diamonds in Borneo, and scattered deposits of iodides, manganese, asphalte and sulphur, all in small quantities.

Mineral Production (000 *omitted*)

Year	Tin (pikols)	Coal (metric tons)	Petroleum (metric tons)	
			Crude oil	Natural gas
1890	204	8	1	—
1900	291	203	363	—
1913	342	567	1525	—
1920	356	1095	2365	—
1925	515	1400	3066	411
1930	541	1870	5531	540

8. *Communications.* One outcome of the rapid development of European enterprise during the early years of the present century was a demand for better communications, and this took a leading place in all projects for enhancing the welfare of the

Growth of Communications by Rail (*kilometres*)

Year	Railways					Tramways		Total
	State			Private		State	Private	
	Java		Sumatra	Java	Sumatra	Sumatra	Java	
	(*a*)	(*b*)	(*a*)					
1867	—	—	—	25	—	—	—	25
1873	—	—	—	261	—	—	—	261
1891	945	—	141	261	103	39	238	1727
1900	1653	—	210	261	103	78	1326	3631
1913	2145	83	245	206	92	465	2196	5432
1920	2427	83	245	210	271	511	2395	6142
1930	2917	79	1334	863	496	—	1689	7425

(*a*) Normal gauge; (*b*) light gauge.

NOTES. (1) From Stat. Jaaroverzicht and Jaarcijfers.

(2) Total for 1930 includes 47 km. of State Railway in Celebes, opened 1925 and closed 1930.

(3) Private Tramways from 1913 onwards include 170 km. of tramway belonging to the Deli Railway Co. in Sumatra.

Natives. The need of the planters for railways was so urgent that between 1900 and 1913, although 500 km. were added to the State railways in Java, there was an even more rapid development of private tramways, which are mostly light railways linked up with the main railway system. During the same period the State tramway in Sumatra was constructed out of the free grant made by Idenburg in 1904. In 1906 the State railways were made over to the Public Works Department, and three years later were transferred to the newly constituted Department of State Enterprises. During the War construction slowed down, but from 1920 onwards it went ahead with renewed vigour, as shown above, and the State tramway in Sumatra was converted into a railway.

Roads. Although in 1900 the roads in Java were already excellent, owing to the large European population and the free use of compulsory labour, there were practically no roads in the Outer Provinces; but, when these were brought under control by Van Heutsz, zealous officers pushed on road building with such energy that the burdens imposed on the people led to serious outbreaks which had to be suppressed by force. The introduction of motor cars was followed by a demand for new and even better roads. In motor traffic, as in so many other directions, Government led the way and, so early as 1907, began to run motor services, but it was not until after the War that private cars came into general use. In 1922 1502 cars were imported into Java and only 363 into the Outer Provinces; but in 1925, owing to the rubber boom, nearly as many cars were imported into the Outer Provinces as into Java. Then sugar had its turn, and for two years in succession over 10,000 new cars came to Java; but, with the depression of 1929, imports declined and in 1931 only 3506 cars were brought into Java and 397 into the Outer Provinces. Thus the whole trade cycle for the decade is depicted in the figures for the import of private cars.

Although these figures are of interest from the light they throw on European profits, the chief economic significance of the motor car was that it gave the Native a new skilled occupation in which he could be his own master and not merely an employee of the European. He has been quick to seize this opening, and now throughout Java one finds motor buses and taxis owned and

managed by Natives. One feature of special interest is the rapid growth of cheap taxis in the towns. The Dutch Government always stood out against the ricksha, and the result is that now, in place of, literally, sweated coolie labour, towns in Java have probably the best and cheapest transport in the East.

Another matter in which Java shows the way in tropical Asia is the telephone system, which has been greatly extended since it was taken over by Government in 1898; now every Sub-district Officer in charge of some fifteen villages is on the telephone. Broadcasting has also made great progress and in 1930 there were 2464 receiving-licences. The Natives share increasingly in these comforts of modern life, introduced for the benefit of Europeans, and it is notable that, despite the considerable European business population, the number of letters (including newspapers, etc.) addressed to Europeans is less than half the total, both in Java and in the Outer Provinces.

Shipping. There has been a similar improvement in communications by sea. As already mentioned, the K.P.M. was founded in 1888 with a view to recapturing for the Netherlands the traffic which, as an indirect outcome of the Culture System, had passed to English ships. Its fleet grew slowly from 30 ships to 45 by 1902, but during the next decade, with the extension of rule over the Outer Provinces, the number of ships rose to 80 with a corresponding increase in tonnage. Then, after the War, the fleet grew still more rapidly and by 1930 comprised 113 steamships and 32 motor ships. Besides its contract lines within the archipelago the K.P.M. has boats running to Burma and Australia; but the ports of the Far East are served by the Java-China-Japan Line, founded in 1902, which by 1930 had a fleet of 19 passenger vessels. The growth of shipping during the present century is indicated by the number of steamers calling at Tandjong Priok, the harbour for Batavia, which rose from about 800 in 1900 to 1636 in 1913 and 3134 in 1930. This huge increase of traffic has made it necessary to build new harbours for Surabaya and Semarang, and also for Macassar which, before 1900, was a free port. But the chief work of this kind has been the construction of a coaling station at Sabang. The keen eye of Van Heutsz recognized its strategic possibilities and he brought about the formation of a private company, in which Government

was largely interested, to undertake the work. The development of air transport affords a further instance of the activity of Government in promoting communications; and by 1933, in addition to the European service maintained by the Royal Airmail Co., local needs were served by the Royal N.-I. Airmail Co., with seven aerodromes, providing air transport over the whole island at rates which compared favourably with the cost of travel by rail.

9. *Industry.*[15] The growth of agricultural production, the progress of communications and the increase in the European population have been accompanied, though on a smaller scale, by industrial development. About 1900 the industrialization of Java was regarded as a master key to welfare; Idenburg in his great speech of 1902 attributed the "diminishing welfare" of Java to the surplus agricultural population and announced his intention "first of all to promote industry for the benefit of the native population" and "to call into existence native industry with native capital"; Van Deventer's survey of 1904 contained a special appendix by Rouffaer dealing with native crafts, and Fock in his Welfare Proposals suggested plans for helping both European and native industry.

But little was done, because little could be done; except by a sacrifice of Dutch interests which, in the existing political conditions, was impracticable. The reason for this lies at the root of all projects for enhancing welfare in a tropical dependency; all such projects rest essentially on the organization of demand and not on the organization of production, and the key to success lies in the markets rather than in the factories. Something, but very little, could be done to develop the foreign market for exported products by cheapening production through the substitution of local for European subordinates; but in the home market, whether European or native, the ordinary necessities and comforts, apart from a very few articles such as ice and soda water, were either imported or produced in the cheapest possible manner by very primitive methods, and measures to replace goods imported from the Netherlands by native products were unlikely to meet with approval in the Second Chamber. Thus, in aiming to build up production in place of building up demand, the Government was putting the cart before the horse.

A subsidy was granted to a craft school, then recently started

by a Regent; enquiries were instituted into the conditions of native industry, and, in his great educational budget for 1907, Fock attempted to open up new avenues of employment for Natives in Government service and in private enterprise. These vocational institutions, however, could not possibly achieve much; and they were criticized as in practice merely turning out "work-shy youngsters". Then the whole economic environment was changed by the War which, by cutting off the supply of imports and skilled labour from Europe and shutting out Java from a large part of its market, brought home to everyone the dangers of close dependence on the outside world, which previously everyone had taken for granted. The Colonial Minister sent Van Kol to study industrial development in Japan; and Idenburg, now Governor-General, appointed a committee to scrutinize the "technical, commercial and financial possibilities of private industry" in India. The political and economic importance of applying Dutch capital to the development of local industries came into the foreground, and the appointment of an Industrial Expert (*Nijverheidsconsulent*) in 1916 was followed in 1918 by the formation of a distinct industrial section in the Department of Agriculture, Industry and Commerce.

In the European market the new demand created a supply. Cement, carbide and gas factories were opened and provision was made to meet the European demand for beer, biscuits, coffee-extract, vermicelli, macaroni, and other commodities; there was also a development of canning and of soap, oil and paper works. But in the native market the demand was less insistent, and there was greater difficulty in meeting it. Between 1900 and 1914 there was a rise in the native standard of welfare, and the people took to imported goods in place of primitive local manufactures; when the imports were cut off they did without them or fell back on local products. It is significant that among the attempts made during the War to organize production for the native market the only conspicuous success was due to the organization of demand. "Gentle pressure" was used to encourage the people to roof their houses with tiles as a preventive against plague; this created a demand for tiles and in 1919 a ceramic laboratory was established to improve the supply. It is notable also that a certain measure of success attended the efforts of a Regent and his subordinates in their *vergaderingen* to

substitute factory methods for domestic methods in the production of mats and hats of grass and bamboo. On the other hand a rope factory failed, and a textile institute, which promised well during the War, languished in peace.

For the end of the War stopped almost all experiments in the promotion of industry. Yet the economic position of Java was not quite the same as it had been before the War. In India, as in Europe, wages rose after 1914, and in 1918–19 the *batik* workers could earn as much as f. 2 a day. After the War, combination and political pressure enabled European workers to keep wages high, but the wages of the unorganized workers in the East immediately collapsed, and this encouraged capitalists to employ inefficient but cheap labour in place of more efficient but more costly Western labour. Moreover, capitalists had come to realize that one great obstacle to the development of industry in the East was the lack of skilled assistants and subordinates, and in 1919 Dutch capitalist interests provided the funds for a Technical Institute at Bandoeng. Although, therefore, the immediate demand for industrial production in India occasioned by the War came to an end with Peace, it was nevertheless owing to the War that the foundations for industrial development were laid. Since 1920 Europeans, Chinese and also Natives have taken to the manufacture of cigarettes, and a kapok industry, originating with the Natives, has passed under Chinese control.

An index of the progress of industrialization during the present century is given by the increase in the number of boilers used in industry, as shown in the marginal table, which illustrates also the rapid development of the Outer Provinces; in considering the figures, however, it should be remembered that one feature of post-war development has been an increasing use of petrol engines, so that the actual progress during this period has been far greater than they indicate.

No. of Boilers used in Factories

Year	Java		Outer Provinces
	In sugar factories	In other factories	
1900	1125	794	387
1910	1291	1284	804
1920	1298	1905	1347
1930	1307	2755	2410

10. *Finance.*[16] The economic expansion of India during the present century has necessitated a complete reconstruction of

the machinery for providing credit. At the end of the nineteenth century, the outstanding feature in the economy of N.-I. was the Culture Bank, representing Dutch capital invested in and controlling agriculture in Java. Since then the Culture Banks have gone forward, as shown in the following table, but the growth

Paid up Capital (mil. gul.) in Institutions financing Agriculture, 1900–1930

Year	1900	1915	1930
N.H.M.	36·7	55·0	80·0
N.-I. Escompto Mij.	3·0	10·5	47·0
N.-I. Handelsbank	7·2	24·9	55·0
Koloniale Bank	5·0	11·0	16·5
Handelsvg. Amst.	5·0	19·0	40·0
Internationale	5·0	8·7	15·0
Cult. M. Vorstenland	10·2	10·2	20·5
Total	72·1	139·4	274·0

of capital has both made possible and has required a greater division of function; banking institutions now confine themselves to normal banking business, while the Culture Banks have come to resemble ordinary agricultural companies; at the same time mining companies and miscellaneous trading companies now stand alongside and even overshadow the Culture Banks. Among purely banking institutions of Dutch origin are the Java Bank, the N.H.M., the N.-I. Escompto Mij., and the N.-I. Handelsbank; of these the N.H.M. still has a branch dealing with agriculture, and the N.-I. Handelsbank is linked up with the N.-I. Landbouw Mij. The development of other interests appears in figures in the Colonial Report for 1932, which shows that since 1900 half the chief agricultural companies are new, nearly half the large trading companies and nine out of the twelve mining companies. These figures relate to Dutch companies alone, but the influx of foreign capital is reflected in the growth of foreign banks; in addition to those represented in 1900, the Mercantile Bank of India and the Banque de l'Indo-Chine opened branches before the War, the Japanese opened a branch of the Taiwan Bank in 1915, and subsequently the Yokohama Specie Bank and Mitsui Bank opened branches.

Another development of the present century has been the formation of modern banks by the Chinese; among the earliest Chinese banks to become prominent were the N.V. Bataviasche Bank, the Deli Bank, the Chung Wah Bank and the N.V. Oei Tiong Ham. The China and Southern Bank comprises both Chinese and Japanese interests. Later still, Nationalist ambition has led to the formation of the Bank Nasional Indonesia in Surabaya, designed as a Culture Bank for Indonesian ventures.

11. *Commerce.* The growth of exports, which has accompanied the increase of production, is especially notable in respect of native agricultural produce, mineral produce, and, chiefly, the produce of the Outer Provinces. The list of exports from the Outer Provinces before 1900 reads rather like an alchemist's catalogue; clove, nutmeg, mace and pepper are the more homely articles, and besides these we find dammer, gum-benzoin, tripang, bird-nests and sea-shells, with dragon's blood and birds of paradise to lend a touch of colour. In 1870 the exports were valued at f. 27 million, but this included the re-export of European goods and opium from the larger ports, such as Macassar, to the smaller islands. The products destined to be staples were still insignificant; copra was represented by coconuts and oil; rubber (gum-elastic) was put at f. 37,000 and tobacco at f. 132,000; the value of petroleum exports (as earth oil) was only f. 180. In 1877, the first year for which re-exports

Export of Merchandise (f. mil.)

Year	1880	1890	1900	1913	1920	1925	1929	1930
Private:								
Java	95	109	157	317	1501	837	710	566
Outer Provinces	42	49	73	297	723	947	735	592
Total	138	158	230	614	2225	1784	1446	1159
Total including Government merchandise	175	175	258	671	2228	1801	1446	1160

NOTE. Figures up to 1913 refer to General (i.e. Local) Trade; later figures refer to Special (i.e. Foreign) Trade only, "but there is very little difference between the two categories".

Figures for 1913 and later exclude bullion; in some earlier returns it is classed with Merchandise, but the quantity is insignificant.

were excluded, the total value of exports from the Outer Provinces was no more than f. 23 million. The table on p. 336 shows the growth since then. (The total including Government merchandise is given for comparison with previous tables.) From these figures it may be seen that, even before the War, exports from the Outer Provinces were little behind those of Java in value; by 1925 the rubber boom gave the lead to the Outer Provinces, and since then their position has depended on the relative value of rubber and sugar. Details for the chief products are given below.

Value of Chief Exports, 1870–1930 (*f.* 000)

Year	Cassava products		Coffee		Copra		Rubber	
	Java	O.Pr.	Java	O.Pr.	Java	O.Pr.	Java	O.Pr.
1870	—	—	37,315	6,825	—	—	—	—
1880	—	—	49,026	10,854	—	—	25	158
1890	—	—	27,459	9,102	385	1,659	39	259
1900	586	—	26,795	7,820	5,201	5,109	67	371
1913	8,997	102	17,686	5,227	18,997	36,044	8,881	14,997
1920	14,410	—	36,352	15,691	25,365	67,482	67,689	126,528
1925	15,599	—	35,798	32,422	9,286	93,105	141,583	440,626
1930	13,881	—	11,744	23,921	4,655	72,502	59,928	113,466

Year	Sugar		Tea		Tobacco		Tin	Petroleum	
	Java	O.Pr.	Java	O.Pr.	Java	O.Pr.	O.Pr.	Java	O.Pr.
1870	32,299	—	1,738	—	3,523	132	7,095	—	—
1880	48,888	5	1,763	—	9,510	6,241	9,558	—	—
1890	51,489	—	2,246	—	16,697	15,646	9,228	—	5
1900	73,659	1	4,196	2	18,461	13,630	24,167	—	4,592
1913	156,609	—	21,543	—	21,382	70,789	36,694	1,129	112,248
1920	1,049,811	324	35,218	4,307	45,608	124,635	64,748	7,413	302,935
1925	369,474	12	63,620	10,749	36,783	73,687	94,182	1,884	171,146
1930	254,271	3	59,225	10,304	12,301	46,346	57,898	(190,056)	

NOTES

Coffee. Figures include Government exports; a little Government coffee from Outer Provinces is exported from Java.

Rubber. Figures before 1912 relate to gum-elastic.

Tobacco. The apparent discrepancy between 1900 and 1913 may be due to a change in classification. For 1911 52·7 mil. tons, worth f. 52·7 mil., were exported from Java and 21·3 mil. tons, worth f. 21·3 mil., from Outer Provinces; in 1912 61·4 mil. tons, worth f. 40·8, from Java and 22·9 mil. tons, worth f. 55·3 mil., from Outer Provinces.

Tin. Figures include Government exports; all is produced in Outer Provinces though trade returns show some exported from Java.

Owing to the large and rapid fluctuations of value in recent years it may be useful to give the volume of the chief agricultural exports separately.

Volume of Agricultural Exports (thousand tons), 1891–1930

Year	Coffee	Copra	Kapok	Rubber	Sugar	Tapioca	Tea	Tobacco
1891	55·9	—	2·1	—	463	—	2·6	33
1900	50·8	67	4·0	—	736	—	7·6	52
1913	28·7	229	10·1	7	1471	—	26·5	87
1920	62·2	182	12·6	90	1514	—	46·2	125
1930	62·7	375	—	296	2838	136	81·8	80

Another feature of the course of trade during the present century, and especially of recent years, is the decline of trade with Europe, especially with the Netherlands, and the growth of trade with Asia, especially with Japan. The course of home trade is summarized in the following table:

The Share of the Netherlands in Trade

Year	Exports		Imports	
	(*a*)	(*b*)	(*a*)	(*b*)
1830	6·8	52·5	6·3	41·9
1850	45·2	78·3	7·9	33·9
1870	82·4	76·5	19·0	40·6
1900	71·2	30·9	59·3	33·7
1913	172·6	28·1	145·3	33·3
1920	354	15·9	263	23·6
1930	177	15·3	140	16·8

(*a*) Value of exports (or imports) to (or from) Netherlands.
(*b*) Percentage of total value of exports (or imports).

For convenience of comparison the figures for imports are given here, but it seems better to postpone comment until we consider the progress of social economy.

Imports of Private Merchandise (*f.* 000)

Year	Total value	Details for chief imports					Details for Java	
		Rice and paddy	Cotton goods	Fertilisers	Mach. and tools	Iron and steel	Rice and paddy	Cotton goods
1900	176,078	17,520	35,744	5,450	11,305	10,013	9,445	28,937
1913	437,903	55,702	96,274	11,870	32,886	35,404	28,425	73,883
1920	1,125,904	38,880*	315,575	48,344	70,662	124,519	—	243,505
1925	824,119	74,901	207,743	18,070	50,994	43,205	34,770	155,095
Corrected figures, 1925(1913 = 100):								
(*a*) Index nos.		161	208	165	160	160	—	—
(*b*) Corrected values		46,522	99,877	10,952	31,871	27,003	—	—

* In 1920 Government imported rice and paddy to value of f. 43 mil.

12. *State Finances.* The progress of the present century is reflected in the State finances. In 1900 it was thought that Java was at the end of its resources, especially as regards the raising of revenue from natives, and successive Colonial Ministers looked anxiously, and for some years vainly, for ways to transfer part of the burden to Europeans and to the Outer Provinces. Another major note in the policy of the time was the unification of the system of taxation, a project that appealed to both the Liberal and Ethical schools. As already explained, the old tradition was to tax the Native in produce and labour, and the European in cash; and there had come into existence a dual system by which Natives and Europeans contributed to the revenue in different ways, the Foreign Orientals being grouped in some matters with the Natives but in most with Europeans. Some progress towards unification was made in 1914–16, by the final abolition of *heerendiensten* in Java, with a corresponding enhancement of capitation tax; and in 1920, by extending the Income-Tax to Natives in place of the tax formerly levied on occupations, and by applying to all classes the *Personeele* Tax, a tax on property. The unification of the fiscal system was, however, largely nominal, as Natives and others continued in the main to derive their incomes from different sources and had to be taxed accordingly. Similarly very little could be done towards re-

adjusting the distribution of taxation between Java and the Outer Provinces so long as a wide discrepancy remained between their relative taxable capacity. In 1901 Java paid 78 per cent. of the revenue and, although by 1916 its share had been reduced to 73 per cent., the former proportion was restored when new taxation became necessary after the War, and in 1921 Java was paying 78·5 per cent.

Nevertheless, there has been a complete reconstruction of the fiscal system during the present century. The rapid economic progress after 1900, with a rise of prices, an influx of capital and an enhancement of native welfare, gave a large increase in the value of Government produce, made it possible to impose an appreciable share of the burden of taxation on Europeans, and yielded a substantial increase in the revenue from monopolies of opium, salt and pawnshops; at the same time the railways and other enterprises of Government began to repay the capital expended on them towards the end of the nineteenth century. The care and skill with which Van Heutsz managed the finances during this favourable conjuncture enabled him in 1906 to convert the long series of deficits into a surplus, and the financial position remained satisfactory until 1914. But expenditure was rising with the development of the new welfare services, and with the extension of administration in the Outer Provinces. During the War deficits accumulated, and when, from 1920 onwards, an attempt was made to overtake them, new and heavy taxation coincided with the post-war depression; there were loud complaints of over-taxation, especially of the Natives, and in 1926 it was found necessary to abolish the Capitation Tax in Java, which had been imposed in lieu of compulsory labour. Equilibrium had already been restored in 1924, and by 1928 the *net* income of Government reached its maximum, f. 551 million, the gross receipts for that year being f. 835 million. In the following year the net income was only f. 524 million, but the *gross* receipts rose to f. 848 million; then, suddenly, the crisis of 1929 threatened a total collapse of the whole fiscal system, and by 1932, despite heavy new taxation and rigorous economy, the net income fell to under f. 300 million.

But there is a great difference between the constituent elements of the revenue now and at the beginning of the century. As

already explained, the five major heads are Taxation, Products, Monopolies, Enterprises and Miscellaneous. The following table compares the revenue in the year of the first public budget and sixty years later with breaks half-way and in the pre-war year.

Gross Revenue over Sixty Years

Major head	1867	1897	1913	1927
Taxation	25·5	52·9	102·8	321·9
Products	75·8	27·8	57·8	119·3
Monopolies	16·7	28·7	61·7	82·6
Enterprises	0·6	12·6	39·9	125·2
Miscellaneous	—	8·2	48·9	119·5
Total	137·5	130·3	311·3	768·7

But the last four heads are all in some measure commercial undertakings, and their respective contributions to the income of the State must therefore be illustrated by net figures, after deducting costs, as in the following table:

Growth of Net Income by Major Heads, 1867–1932 (*f. mil.*)

Major head	Actuals					Percentages				
	1867	1897	1913	1928	1932	1867	1897	1913	1928	1932
Taxation	25·5	52·9	102·8	361·1	228·3	33	58	54	66	81
Products	38·5	10·6	33·8	54·1	−9·9	50	11	18	10	−4
Monopolies	14·1	24·5	35·5	51·2	26·2	18	27	19	9	9
Enterprises	−0·8	3·7	11·0	50·3	21·7	−1	4	6	9	8
Miscellaneous	—	—	6·8	34·4	17·1	--	—	3	6	6
Total	77·3	91·7	189·9	551·2	283·4	100	100	100	100	100

The most striking feature in this table is the substitution of revenue from taxation for revenue from the sale of produce. Another notable feature is the growth of income from State enterprises; and in this connection it should be mentioned that part of the Miscellaneous Revenue also represents profits on commercial enterprises, as it comprises shares in the profits of the Java Bank and in the dividends on the capital invested in State Railways.

Again, in 1867 the income from Monopolies and from Produce came from the Natives; by 1913 practically all labour on Government produce was paid for at market rates, so that the contribution by Natives consisted only of the income from Monopolies and their share of taxation. Thus apart from their contribution to taxation, the burden on the Natives has been greatly relieved since the beginning of the century. In respect of taxation, moreover, the main burden has been shifted during the present century from Natives to Europeans as is clearly indicated in the following table comparing the yield of Land-Revenue and Capitation Tax with the yield of Income-Tax, Super-Tax and Companies Tax, and the yield of Customs and Excise.

Heads of Taxation, 1867–1927 (*f. mil.*)

Head	Actuals				Percentage			
	1867	1897	1913	1928	1867	1897	1913	1928
Land-Revenue and Capitation Tax	12·6	20·8	25·2	36·5	49	39	25	10
Income-Tax and Super-Tax-, etc.	—	—	10·9	114·0	—	—	11	32
Customs and Excise	7·6	15·8	39·7	142·2	30	30	39	39
Other heads	5·3	16·3	27·0	68·4	21	31	25	19
Total	25·5	52·9	102·8	361·1	100	100	100	100

The Land-Revenue and Capitation Tax are paid only by Natives; to the Income-Tax, Super-Tax and Companies Tax the contribution of the Natives is very small; but Natives pay most of the Excise Duties, and about half the Import Duties. The increase under the first head is largely due to the introduction of Capitation Tax from 1882; the land-revenue proper rose only from f. 16·3 to f. 17·7 million between 1877 and 1897, and even in 1907 it was no more than f. 18·6 million. In 1907, however, the land-revenue system was reorganized very much along the lines adopted in British India,[17] and, with more careful survey and more scientific assessment, the revenue began to respond to the growing value of agricultural produce, so that over the period of twenty years between 1907 and 1927 it increased twofold. Nevertheless, with the transfer of the burden

of taxation from land to capital, the proportion of land-revenue to the total income from the taxation grew steadily smaller.

These numerous changes in the fiscal system are due partly to the change in the economic structure of society caused by the influx of capital, and partly to the adoption of a new fiscal policy; the general effect has been that, whereas at the beginning of the present century the Natives bore about 80 per cent. of the charges of the State, their share was reduced by 1930 to about 30 per cent., with a corresponding rise in the share of Europeans and with a smaller rise in the share of Foreign Orientals.

Certain features of the revenue system deserve further consideration. The numerous activities of the State in business relieve the taxpayer, and give the Natives opportunities for employment which otherwise they would be unlikely to enjoy; it must, for example, be to the public good that the pawnshops are managed with a Native staff instead of being left to Chinamen. But where a large part of the revenue is derived from the sale of produce or by payment for services rendered, the State is keenly, and perhaps excessively, sensitive to changes in the economic conjuncture, and this is aggravated by its great dependence on customs and excise revenue. With the first sign of a depression the imports and exports decline, the prices of State produce fall, and people are less able to pay for services rendered by the State and for commodities monopolized by the State; under all these heads the revenue *automatically* declines; but the expenditure can be reduced only with difficulty and slowly. Again, when the conjuncture takes a favourable turn, the revenue automatically rises, and there is a great incentive to profusion in expenditure. Thus the system is one which requires prudent management and at the same time gives special encouragement to extravagance.

Even before the crisis of 1929 the European community condemned the extravagance of Government, and especially its heavy taxation of Europeans for the benefit of Natives; the complaint in 1900 was that Government did nothing for the Natives, and in 1930 that it did too much. Unfortunately, owing to changes in the system of preparing the accounts it is difficult to follow the course of expenditure under different heads

throughout this period, but the following table indicates the change which took place between 1895 and 1914.

Chief Heads of Expenditure, 1895–1914 (*f. mil.*)

Law and order				Welfare heads			
	1895	1904	1914		1895	1904	1914
War Dept.	32·2	39·5	45·1	Home Dept.: Other heads	14·0	11·0	12·0
Civil Service: European	5·5	7·0	7·0	Education,			23·3
Native	7·0	6·0	6·8	Industry and	14·7	21·8	12·1
Nat. rulers	2·8	3·2	3·4	Agriculture			
Justice	5·1	6·0	9·6	Public Works,	29·3	33·3	45·0
Police	1·6	1·9	9·4	Railways, etc.			84·7
Total	54·4	63·9	81·6	Total	58·2	66·1	177·3

The above figures suggest that between 1895 and 1904 the expenditure on welfare and on law and order increased at about the same rate, but that, during the following decade, the expenditure on welfare increased nearly threefold whereas, despite the growth of political unrest entailing new expenditure on police, the expenditure on law and order grew by no more than a few million. But much of the welfare expenditure, especially on railways and irrigation, helped the planters as well as the natives. Much of the other expenditure also was indirectly beneficial to the European community, but the benefits went in the first instance to the natives. The following table shows the

Growth of Expenditure under certain Welfare Heads (*f.* 000)

	1895	1904	1914
Medical service	2075	3046	8085
Veterinary Service	83	179	1114
Instruction	3626	5092	13329

growth of expenditure under some of the main heads of Native Welfare; but no comparison can be made in respect of the expenditure on Native Agriculture which in 1895 was only 269 thousand and in 1904 only 429 thousand, because by 1914

this had become the major care of a whole Department. The most striking change, however, is in respect of the expenditure on education.[18] By 1929 the net cost of education under all budget heads had risen to f. 46 million representing 9·2 per cent. of the total net ordinary expenditure. The figures are still more remarkable on further analysis, when it appears that in 1895 two-thirds of the small allotment to "Instruction" went to the instruction of Europeans, leaving a bare f. 1 million for the instruction of Natives; whereas in 1928, out of a total of f. 52 million contributed to education from central and local funds, by far the greater part went to native education.

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NOTES

[1] *Enc. N.-I.* ii. 524.
[2] Periodicals: *Regeeringsalmanak*, 1930, p. 421.
[3] Smits.
[4] Oosterhoff.
[5] Versluys, p. 40.
[6] Soepomo.
[7] Lekkerkerker, J. G. W.
[8] Hart, p. 62.
[9] *Enc. N.-I.* App. pp. 883.
[10] Van Lijnden; Van der Kolff, *Rietcultuur*.
[11] Meijer Ranneft, *Belastingdruk*, p. 11.
[12] Van der Kolff, *Rietcultuur*, pp. 211, 217.
[13] Furnivall, *Fisheries in N.-I.*
[14] Beversluis, *Boschwezen*.
[15] Versluys, and Official: *Verslag Econ. Toestand, 1924*, p. 156.
[16] De Bree, *Het Bankwezen*.
[17] Furnivall, *Land-Revenue System*.
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CHAPTER XI

SOCIAL ECONOMY

1. *Introduction.* The brief survey which we have just attempted of economic progress in Netherlands India during the present century should illustrate, however inadequately, the energy and success with which the Dutch have applied themselves to discharging one part of their task under the "dual mandate" thrown on them by the course of history—their duty to the world in general of developing the natural resources of this region, *la richesse naturelle*. We must now attempt a more difficult undertaking, a survey of their efforts and achievements in the other part of the dual mandate—their duty to their subjects of developing *la richesse humaine*, the human wealth of the peoples for whom they have incurred responsibilities.

At the beginning of the century it was expected, or at least hoped, that the Ethical programme would act like a new Culture System, no less effective for the advancement of the people than that of Van den Bosch for the cultivation of the soil. The main objects of the Ethical policy were to stimulate the material welfare of the people, to strengthen the native social order, and to promote the unification of society. These ends became even more directly the objective of the policy of autonomy, and it is the progress which has been achieved under these heads that we must now try to appreciate. Some applications of the new policy have already been considered; we have seen that much has been done to provide openings for the people in various branches of Government service and in local administration; that the Department of Agriculture, Industry and Commerce, in co-operation with the Credit Service, has been very helpful to native agriculture and, of late years, to native industry; that great progress has been made in assisting the cultivators with irrigation; and that there have been many improvements in the terms on which Natives supply land and labour to the European planters. Other matters which remain for consideration are labour conditions, the provision of credit, the care for public health, education,

the influence of missionary activity, the promotion of general culture, and the organization of knowledge and thought in relation to the modern world. We must examine also the positions of Chinese and Europeans. But throughout the present chapter, even when dealing particularly with the native community, it is necessary to bear in mind the growth of the population as a whole, and the broad outlines of the distribution of population and wealth; these matters, therefore, must be considered now.

Growth of Population, 1852–1930 (000 *omitted*)

Year	Java and Madura				Outer Provinces				Netherlands India Total
	Eur.	F. Or.	Nat.	Total	Eur.	F. Or.	Nat.	Total	
1852	17·2	—	—	—	4·8	—	—	—	—
1880	33·7	219	19,540	19,794	—	—	—	—	—
1890	45·9	259	23,609	23,914	11·9	—	—	—	—
1900	62·4	298	28,384	28,746	13·3	—	—	—	—
1905	64·9	317	29,715	30,098	16·1	298	7,304	7,619	37,717
1920	135·2	415	34,433	34,984	34·4	461	13,871	14,366	49,350
1930	193·2	634	40,889	41,717	48·7	709	18,253	19,011	60,728

(1) Figures for 1930 are the Provisional Returns of the Census; Europeans in this year include 8243 military but the corresponding figures for earlier years relate to the civil population only.

(2) "European" comprises generally those with the legal status of European, including Americans and certain Asiatics; in 1930 there were reckoned as Europeans 7195 Japanese, 130 Turks, 282 Filipinos and 8948 natives. Chinese with a European status were reckoned as Chinese and not as Europeans.

Although population returns were made by district officers from 1860 onwards, they remained very incomplete until 1895 for all except Europeans, and it was not before the first regular Census of 1905 that any useful statistics were compiled for the Outer Provinces. The figures serve, however, to indicate the rapid growth of all sections of the community, and it should be noted that, despite the large increase of the native population, the other two sections of the community have been increasing even more rapidly.

The relative economic strength of the three main classes is indicated by the income-tax returns.

Number Assessed to Income-Tax, and Percentage Assessed at Various Incomes (1929)

Region		Java and Madura			Outer Provinces		
Class		Nat.	F. Or.	Eur.	Nat.	F. Or.	Eur.
Number per cent., with annual income, not exceeding guilders	300	81·0	14·7	1·6	68·7	15·2	1·3
	800	15·0	57·6	7·8	29·1	72·4	7·6
	2,100	2·9	17·9	19·0	1·7	9·2	13·1
	5,000	0·6	6·9	33·9	0·2	2·3	30·0
	20,000	0·1	2·4	34·6	0·0	0·8	44·8
Exceeding	20,000	0·0	0·2	2·7	0·0	0·0	3·2
Total number of Assessees (000 omitted)		1260	150	72	2231	293	20

This table in itself indicates the sharp lines of division between the three sections of the people, each at a distinct economic level. Again, in Java, nine-tenths of the Natives live in villages, but 80 per cent. of the Europeans live in towns, and 54 per cent. in the larger towns with a population of more than 100 thousand; the Chinese are found in large numbers in planting and mining districts, especially in north-west Borneo, the tin islands of Banka and Billiton, the Riouw archipelago and the East Coast of Sumatra, forming a great circle round Singapore and including some 450 thousand Chinese, or 17 per cent. of the total population of that region.[1] Outside this area it is only in Batavia and its environs that there is a large Chinese population. Substantial buildings are still few, but in Java 70 per cent. of the Europeans live in brick houses, 38 per cent. of the Chinese and only 4·5 per cent. of the Natives. Again, we find that Europeans contribute 74 per cent. of the tax on motor cars, whereas Chinese and Natives contribute only 17 and 9 per cent. respectively. Thus the stress of conflicting interests which is found everywhere between Town and Country, Industry and Agriculture, Capital and Labour is complicated in Netherlands India by racial differences.

With this brief introduction we may turn to consider the Ethical policy in its application to native life.

2. *Labour.*[2] Throughout the modern world the growth of capitalist enterprise has tended to rob economic relations of their human character; the employer in his economic relations

has become, involuntarily and even against his will, merely an agent or employee of the capital at his disposal, and the labourer in his economic relations has become so much labour-power to replace, or be replaced by, machinery solely on economic grounds. This tendency has led to the emergence of "labour problems". In Java, under the Company, the slaves were regarded, in form if not in fact, merely as so much labour, but, with the limitation and gradual abolition of slavery after 1815, there arose labour problems fundamentally similar to those of Europe. For many years they were disregarded, and even at the end of the century, as under the Culture System, cheap labour was regarded as a main asset in the wealth of Java; yet beneath the surface, they were gradually becoming more insistent.

There was, however, a difference in character between labour problems in Europe and in the East, and a difference also between those of Java and those of the Outer Provinces. In Europe capital and labour grew up together, but, for many years, both were in the main of local origin; in Java likewise capital and labour grew up together, but there was foreign capital and native labour, so that the conflict of economic interest was accentuated by the clash of colour; in the Outer Provinces, however, both capital and labour had to be imported.

The Outer Provinces presented an immense field for the employment of capital, but there was no adequate supply of local labour, and conditions resembled those of the New World rather than of Europe. In the New World the deficiency was made good by slavery, by voluntary immigration, and by the invention of labour-saving machinery. But none of these substitutes was available when capitalist enterprise began to extend over the Outer Provinces; slavery was out of date; there was no voluntary immigration; and the introduction of labour-saving machinery encountered more difficulties than in the New World. Machinery, however, could be dispensed with, because a sufficient labour supply could be ensured by the importation of coolies under contract. This gave a wholly different colour to economic relations between capital and labour. In the New World the immigrant was welcome not only as a labourer but as a citizen; in the Outer Provinces the coolies were merely so much labour-power, and repatriation was ordinarily a stipulation

in the contract, so that purely economic considerations have had far more weight in social life in the Outer Provinces even than in the New World. For still another reason economic forces have been more active in the Outer Provinces than in the New World; by the time that the Outer Provinces came to be developed, capital had become international in character. The antithesis between "white capital and coloured labour" is rhetorical rather than rational, for an essential quality of capital is that it knows no distinction of race or colour and, like the economic man, is indifferent to considerations which are not purely economic; nevertheless, capital does normally act according to the human sympathies and prejudices of those who own it; but where, as in Netherlands India, and especially in the Outer Provinces, capitalists are of divers races, so far apart in outlook and in moral standards as are Europeans and Chinese or Japanese, their mutual competition leaves capital free of all restrictions other than those imposed by law; moreover, the law itself is merely the highest common factor of this diversity of views and standards, and therefore has a narrower scope than in a homogeneous society. Capital, then, is stronger than in Europe. But labour, on the other hand, is weaker. In Europe trades unions have been able to protect the labourer, and society as a whole, against many of the anti-social tendencies of capital; but in the New World, where the labourers are of diverse origin and races, effective combination among them has been more difficult; in Netherlands India, however, with a labour supply comprising Javanese, Malays, Chinese and coolies from British India, working, sometimes, alongside Europeans, the labourers are still less able to protect themselves by the enforcement of any common rule. The labourers, and society as a whole, depend for protection against the anti-social tendencies of capital solely on law proceeding from the Dutch Government. Yet the Dutch Government is so closely involved with the interests of capital that any attempt to resist the encroachment of capitalist forces on the welfare of labour must almost of necessity appear anti-Government and anti-Dutch. Although these conditions governing the relations of capital and labour appear most clearly in the Outer Provinces, yet they obtain also in Java.

We have remarked that in Java the supply of labour grew up

together with the supply of capital; perhaps it would be more accurate to say that labour preceded capital, for, under the Culture System, there was a keen demand for labour before private capital found its way to India, and when the capitalist was admitted into the field of enterprise he could already obtain, at a wage little above the minimum for subsistence, as much labour as he wanted, and there was already an uneconomic surplus of labourers for whom provision must be made. The Outer Provinces were still lightly peopled, and it is no coincidence that the problem of relieving the surplus population of Java and that of supplying labour to the Outer Provinces began to engage attention at the same time; they were different aspects of the same problem. During the rapid expansion of private enterprise in the last half of the nineteenth century there was a keen demand for labour, low wages were regarded as a main source of the wealth of Java, and the export of Javanese labour was regarded with some jealousy. When slavery was abolished in Demerara the British Government took steps to encourage the import of labour from British India; but on the abolition of slavery in Surinam in 1863 a leading Liberal, Van Bosse, carried a motion in the States-General that the provision of labour was no proper function of the State, and the recruitment of Javanese coolies for Surinam was left to private individuals. The export of labour was further restricted when a Regulation (ISB. 1887, No. 8) forbade the recruitment of coolies for work outside India except with the sanction of Government. Under this Regulation a few thousand hands were supplied annually to British Malaya, North Borneo and Sarawak and, in smaller numbers, to New Caledonia and Cochin China. In 1914 the recruitment of labour for Surinam was taken over by Government, but difficulties were experienced in filling the complement. Coolies sent to Surinam ordinarily remain there, but the others return on the expiry of their contract, so that the export of labour did little to relieve the pressure of population in Java.

Van Deventer was the first to stress the fact that, while the Javanese were impoverished by over-population, the Outer Provinces were poor for lack of population. As the agent in Java for the supply of labour to one of the chief coal-fields in Borneo, he saw that emigration was desirable in the interest

both of the Javanese and of the investors engaged in developing the Outer Provinces, and he placed Emigration in the forefront of his welfare programme. The idea was taken up by Idenburg and Fock, and in 1905 a start was made by the establishment of colonies in the Lampongs in South Sumatra; many difficulties were experienced but the colonists were assisted by the provision of credit and in other ways, and gradually took root. In 1908, the experiment was extended to Benkulen and subsequently to the East Coast of Sumatra. The marginal table shows that as a measure of reducing the surplus population in Java emigration has achieved but little.

Colonization, 1930

Colony	Population	Area (ha.) cultivated
Lampongs	29,282	10,167
Benkulen	1,924	481
East coast	4,767	1,906

This is often attributed to the immobility of labour and the lack of enterprise among the Javanese. But this explanation is certainly incomplete. Under native rule war and famine repeatedly devastated large areas and, although the importation of captives helped to replenish them, migration must have played its part then as it did about 1845–50 when people emigrated in thousands from Cheribon and other districts to more prosperous regions. During the nineteenth century people seem to have travelled widely in search of work[3] and, though ordinarily these returned to their own village after some months or years, many who found favourable conditions settled permanently in their new surroundings. As irrigation works opened up new areas to cultivation, and railways provided new facilities for travel, people from the densely populated regions spread over Banyumas, Besuki and other places where they could make a living, and, though this migration was not obvious unless the immigrants were of a different race, as where Madurese settled in mid-Java, or the Javanese among the Sundanese of East Java, labour was so fluid that, despite the rapid development of the country, there does not seem to have been any lack of an adequate supply of coolies. Without any assistance or encouragement from Government, and tempted solely by the prospect of bettering his condition, the native has always been ready to migrate.

But emigration beyond the seas is more formidable than

travelling by land. The traveller by land can turn back when he likes; but the man who sets foot on a strange coast, possibly among cannibals, may be unable to return. He cannot be safe except as one of a large company, and the arrival of a large body of new settlers is likely to be resented by the previous inhabitants. The selection of suitable areas for colonization has in fact been one of the main obstacles to the encouragement of emigration by Government. Moreover, the districts which offered the best prospects to colonists were ordinarily those under development by capitalists, who wanted whole-time labourers and not settlers who would merely work for them in their spare time if the wages were sufficiently attractive. Colonization had less appeal therefore to the capitalist than the importation of contract labour.

The Coolie Ordinance of 1880 (revised in 1889) applied only to the East Coast of Sumatra, but was followed by similar ordinances for other regions. They were to the general effect that labour was to be recruited under a contract registered by an official; and they contained certain provisions known as the Penal Sanction, by which contract labourers were liable to penalties for wilful breach of the contract or for laziness. The primary object of these ordinances was to give employers adequate control over labour, imported often at considerable expense; but the effect was to place the labourers at the mercy of the employers, and this led to serious abuses, especially in the East Coast of Sumatra, where capitalist interests were strong and the control exercised by Government ineffective. It was in this connection that Van Kol first made his mark in Parliament, when he read out advertisements of coolie agents who, as if they were slave-traders, undertook to export shiploads of "prime quality labourers, carefully selected, sturdy, young, physically sound and strong".[4] Cremer, then Colonial Minister, who had himself made his money in Deli, repudiated the charges as idle gossip and exaggeration. But in 1902 a pamphlet *Millioenen uit Deli* exposed the situation in lurid detail. As formerly on the publication of *Max Havelaar*, the country was thrilled with indignation; but on this occasion it turned to the advantage of the Conservatives, and Idenburg, the "Calvinist Minister", in a Government which placed moral responsibility on the banner of its colonial policy, readily undertook an enquiry. The

Report showed that the charges were only too well founded, and Cremer could do no more than plead ignorance of what, he admitted, was "a general collapse of morality".[5] From that time labour policy took a new turn and, whereas hitherto it had been mainly directed to the provision of labour, it now looked to the protection of labour.

The outstanding measures for protecting coolies fall under three heads: the more precise definition and regulation of the rights and duties of employers and employees; inspection and supervision of the condition of coolies; and, chiefly, the replacement of contract labour by free labour. When the abuses in Deli first came to light Idenburg hoped that the constitution of a Court of Justice at Medan would provide sufficiently for the protection of labour by ensuring the enforcement of the law;[6] but in practice this turned to the advantage of the employers rather than of the coolies, and from 1909 a succession of attempts was made to abolish the penal sanction. These were frustrated, sometimes by the Indian Government and sometimes by the Second Chamber. Even on Government enterprises the maintenance of the penal clauses was thought necessary and, when at length a new Ordinance was passed in 1924, these clauses were maintained on the ground that, as explained in the Preamble, "the system cannot be abolished so long as local circumstances render ordinary civil process ineffective". Meanwhile, steps had been taken to guarantee an adequate wage and to supervise the treatment of the coolies. So far back as 1829 there were suggestions that the proposals of Du Bus for capitalist development would need to be accompanied by the protection of wages, and a first step in this direction was taken on the sugar plantations in 1898. Subsequently rates of wages were fixed for contract coolies, and in East Sumatra the minimum wage was put at 42 cents for men and 37 for women. The actual rate has ordinarily been above this figure, and in 1930 the tobacco plantations were paying 57·5 cents to men and 44 to women, and the sugar factories in Java were paying 46 to men and 37 to women. In some cases employees have been defrauded of their wages by dishonest practices in the shop maintained on most plantations, nominally for the benefit of the coolies; and it has therefore been found necessary to pay close attention to the working of these

shops. All these matters, together with care for hygiene, are supervised by a staff of Labour Inspectors. The first Inspector was appointed in 1904 for the East Coast of Sumatra, and in 1908 he was charged with the supervision of recruiting and the general working of the Coolie Ordinances. Meanwhile, the increase of factories in Java had led in 1905 to a Factories Act.

One great difficulty in the supervision of labour has been the predominance of Chinese among the coolies. In the mines the coolies are still almost all Chinese; but on the plantations the Chinese are being replaced by native labour, as may be seen in East Sumatra, where in 1870 out of a total number of 4000 immigrant coolies all but 150 were Chinese, and now there is a large Javanese element. Formerly the recruitment of the Chinese coolies was left to private agency but, when the protection of labour began to attract attention, it became the practice to recruit Chinese coolies either through the Protector of Chinese in Singapore, or through an official bureau at Swatow. The recruitment of Javanese coolies was still left to professional recruiters, but new regulations (ISB. 1909, No. 122 and the "Free Labour" Regulation ISB. 1911, No. 540) encouraged the planters to appoint their own agents, a lead in this matter being taken by the Deli Planters' Association, which maintains a Labour Agency in Semarang. Also recourse is being had more and more to recruitment through the labourers themselves, which creates a tie between the plantation and the villages that feed it. Since 1930 professional recruiting has been abolished. All this free labour enjoys the protection of the inspectorate to the same extent as contract labour; but many coolies are said to prefer engagement under the Coolie Ordinance, partly because they feel safer on that system, and more, perhaps, because, in Native States, free labourers are liable to local taxes from which contract coolies are exempt.[7] Even most contract coolies now have a permanent character, as they have been re-engaged after the expiry of their first term. Thus during the present century the situation in respect of plantation labour has undergone a fundamental change. In 1900 the labour was predominantly alien, and was recruited by professional agents who had no concern for the subsequent welfare or for the character of the men supplied, but merely undertook to deliver healthy coolies,

carriage paid. Now, as is apparent in the figures for 1931 given below, the labour is predominantly Javanese, and nearly half of it is free.

Plantation Coolies in the Outer Provinces, in 1931

	Chinese	Javanese	Others	Total
Contract labour	30,426	172,181	759	203,366
Free labour	13,990	133,848	8,429	156,267
Total	44,416	306,029	9,188	359,633

Thus there has been a great development towards making the relations between employer and employee less artificial, and more permanent and social. Quite recently there has been a further step in this direction, as the prohibition by the United States of tobacco produced by contract labour has led to the replacement of contract by free labour in the tobacco plantations of the East Coast of Sumatra.

One notable feature of the relations between Capital and Labour in India has been the growth of trade unionism.[8] This started in 1908 when the employees of the Rail and Tramways formed a Union (V.S.T.P.) to protect their interests. Some of the members were Natives, and before long purely native Unions were created; the formation of a Union of Customs Officers (1911) was followed by Unions of the Educational Officers (1912), the Pawnshop Staff (1913), the Opium Staff (1916) and the Public Works Staff, and Treasury Officials (1917). Under the influence of *Boedi Oetomo*, and still more, *Sarikat Islam*, natives employed in private enterprise formed similar organizations, a Union of Wage-Earners and Field Labourers in 1915 and of Factory Workers in 1917. Meanwhile the V.S.T.P. had come under the influence of Sneevliet and the advanced Socialists who later formed the Communist Party (P.K.I.). By the end of 1919, twenty-two native Unions with a membership of 72,000 attended a Conference which led to the formation of a Central Union. Its first Congress, however, was the scene of a struggle between Socialists and Communists, and fourteen Unions seceded to form the Revolutionary Central Union. The Unions, both European and native, played an active part in the

economic disturbances which followed on the War, but, since the movement came under the influence of Sneevliet in 1914, their activity has been political rather than economic and their progress has been retarded. By 1930 the Federation of European Employees comprised eight Unions with a membership of 4473; the Central Association of Native Official Organizations (P.V.P.N.) comprised fourteen Unions with a membership of 29,000, the largest being the Union of Elementary School Teachers, with 9000 members; and the Association of Native Private Employees (P.S.S.I.) comprised six Unions with 3000 members.

3. *State Credit.*[9] Many of the problems which Liberalism raised but could not solve grew out of the introduction of a money economy, notably in the renting of village land for money by sugar-planters and their employment of wage-labourers, and in the substitution by Government of paid for compulsory services. As the people could not resist the temptation of easy money at high rates of interest they were soon reduced to more irksome servitude than under the Culture System and, even before the Ethical movement had taken shape, attempts were made in various ways to help them by State intervention in economic life. Examples may be seen in the legislation of 1895 intended to improve conditions on the sugar plantations, and in the attempts made to promote thrift by the creation of Savings Banks, of which eight were founded between 1891 and 1903 in addition to the Post Office Savings Bank. It was as a part of this movement that many district officers encouraged their local subordinates in the Civil Service to form mutual benefit societies, usually savings banks for Government servants (*priaji banken*). One Assistant Resident, de Wolff van Westerrode, had studied co-operation in Europe, and conceived the project of linking up the local *priaji* bank with village co-operative societies. His description of this plan in 1898 in the *Tijdschrift voor Nijverheid en Landbouw* caught the attention of the Colonial Minister, Cremer, at a time when public interest was attracted to the "pernicious influence" of the Chinese as pawnbrokers and general money-lenders; and de Wolff was placed on special duty to work out plans for State pawnshops and for agricultural credit banks.

It had long been the practice for villages to store up seed and food for the coming year, and the village granary was a well-known institution. De Wolff proposed to develop the village granary into a "paddy bank", providing loans in paddy to be repaid after harvest, and although he failed in his attempt to create them on a voluntary basis, paddy banks of this type proved successful when managed by the village headman with the support of the Civil Service. In other villages similar banks were organized to deal in cash instead of in paddy. At the same time the former *priaji* banks were being reorganized on a new model as *Afdeelingsbanken* (subdivisional banks). Thus by 1904, when de Wolff died prematurely, there were already three types of institution: the Afdeeling Bank, the Village Bank and the Paddy Bank. De Wolff had wanted the banks to develop gradually on co-operative lines without further interference from Government; "not many banks but good banks" was his policy. By this time, however, the Ethical policy was in full swing; Government was bent on enriching the people, whether they would or no, and the watchword was efficiency rather than popular control. The Instructions, issued in 1905, laid down that "for the success of village credit institutions... the direction and supervision must rest with the Civil Service; without that, as experience has shown, the bank never makes good and is worse than useless". Civil Servants were directed accordingly to regard the formation of banks "as one of their foremost official duties", and by 1912, in compliance with the instructions of Government, an afdeeling bank had been established in every Regency of Java except Madura, and there were over 12,000 paddy banks and 1161 village banks; in the Outer Provinces also there were a few afdeeling and village banks.

But the project of de Wolff for linking up the village banks with the afdeeling banks, though never abandoned, was never accomplished, and each institution remained a separate unit. The village societies were run by the local headmen under the Civil Service but without any machinery, apart from a central audit, to link the banks together. In the afdeeling bank the local officer keenly resented outside interference, and on one occasion the official Inspector was refused admission to a bank. The constitution of a Central Cash Bureau in 1913 might have

led to greater uniformity, but during the next few years "autonomy was in the air" and local independence was encouraged. It soon appeared, however, that freedom from control meant freedom to go bankrupt; and all the banks would have been injured if one of them had failed. From 1920, therefore, a policy of centralization was adopted, leading in 1933 to the co-ordination of the whole machinery of State money-lending by the creation of a General Public Credit Bank (*Algemeen Volkscredietbank*) which controls the afdeeling banks and supervises the village banks.

The State pawnshops[10] also had their origin with de Wolff van Westerrode, and, on the foundations which he laid, there has grown up a large service which enables the people to raise money on far more advantageous terms than when they resorted to private Chinese pawnshops; there is a fairer valuation, the rates of interest are lower, the clients are assured of the protection of their interests and better care is taken of the pledges. All this has been accomplished at a profit to the State reaching a maximum of f. 12 million a year, and showing a profit of nearly f. 150 million during the twenty-five years from the origin of the scheme. All these forms of State credit have arisen out of de Wolff's article on co-operation. But the Co-operative movement has languished, as may be seen from the following table showing the money advanced by the various

Loans during 1930 (mil. f.)

	Java	O.Pr.	Total
Pawnshops	171·7	22·4	194·1
Afdeeling banks	57·6	14·7	72·3
Village banks	40·8	3·5	44·3
Paddy banks*	7·2	—	7·2
Registered Co-operative societies	0·1	—	0·1
Total	277·4	40·6	318·0

* Loans in paddy converted at the current rate.

types of institution. The few co-operative societies under State supervision seem to consist largely of Government servants; the political non-co-operation movement, however, has stimulated the foundation of numerous "wild" co-operative societies,

free of Government control, but little information is available regarding them.

As regards State institutions, the encouragement of co-operation is quite a recent feature and from the earliest days the movement has aimed at the provision of credit, and not at the encouragement of co-operation. These are two quite different problems; the former primarily economic, and the latter social and political. Criticism of the State credit institutions on the ground that they are not co-operative is therefore beside the mark, and they must be judged by the measure of success attained as economic instruments for improving the machinery of credit. The economic function of a State credit service is to furnish such credit as is required, and no more than is required, at rates of interest no higher than are needed for the system to be self-supporting. One hears criticisms to the effect that money is lent too freely, and that it is not lent freely enough, and that the rates of interest are so high as to discourage borrowing and so low as to encourage improvidence. These criticisms do not altogether cancel out. Loans are supposed to be limited to productive purposes, but, in the nature of things, it is difficult to check the application of the money lent, and there must be a tendency to lend a man as much as is safe rather than no more than is necessary. But, with State money-lending, easy credit is a defect which needs watching; in private money-lending, it is a principle of action; and it is certainly more difficult to borrow rashly from a State bank than from a private money-lender. Again, the working expenses of management are higher than with a private money-lender, because the State must take more elaborate precautions than a private money-lender; but on the other hand the institutions in Netherlands India make full use of local knowledge in granting loans, and can obtain the necessary funds for advances on easy terms because backed with the credit of the State. Moreover, the State credit institutions have to face competition from private money-lenders and can hold their own only by giving superior facilities to their clients. In one respect the State Banks have certainly come short of what was anticipated at their origin. They were designed for the relief of agriculturists, but probably four-fifths of the money lent by the afdeeling banks goes to

non-agricultural purposes, and even in the village banks the loans are very largely used for petty trade. In other respects, however, they have proved a great success; the manner in which they weathered the "economic blizzard" that devastated the country during 1930 and 1931 shows that they have a strong financial basis, and it would be difficult to devise machinery more suitable for providing sound credit in a tropical dependency.

Objection has been taken to the system on political grounds: that it works on European lines and needs the supervision of European functionaries, and that it has discouraged co-operation by furnishing credit to the people without giving them the trouble to co-operate. It is true that for some time to come the machinery will require European management; but already it has trained many thousands of native subordinates in the elements of banking practice, and has given them some insight into pawnbroking and money-lending, which were formerly a Chinese monopoly, and it should be possible in course of time to recruit Natives for more responsible positions. There is more substance in the criticism that it has retarded the growth of co-operative credit, but it is by no means certain that this may not in the long run prove an advantage. In British India the economic problem of providing credit and the social problem of encouraging co-operation have been treated together, and in some cases co-operative principles have been strained with a view to meeting the demand for loans. In Netherlands India the economic problem has been tackled separately and, now that the State institutions meet the demand for credit, the officials charged with promoting co-operation hope to build up co-operative institutions on sound principles. The success of the State credit system has probably been one incentive to the formation of the National Bank of Indonesia, the Nationalist Culture Bank; and the number of "wild" co-operative societies founded during recent years suggests that the past neglect of co-operative credit by the State may lead to the growth of a co-operative movement among the people with greater vitality than a movement depending on the support of Government.

4. *Public Health.* Prominent among welfare projects, when policy took an "ethical" direction, was the improvement of public health. By 1900 much had already been done but, as

with education, primarily for Europeans. Native hygiene, however, had not been neglected. The Dutch took with them to the East their passion for cleanliness; and hygienic provisions in the local by-laws for Surabaya in 1829 were gradually extended over the whole interior, and enforced through the powerful machinery of *vergaderingen* and Controleurs by Native officers, strong in the authority of hereditary rule and able to command obedience by minor penalties for any act or omission which they regarded as improper. Hence the neatness and cleanliness of the villages was a feature which impressed Money in 1860, as it still impresses visitors from other regions of the East, whether European or Asiatic. The Civil Service also encouraged vaccination, and the staff of vaccinators, created by Raffles, was extended by the Dutch, who in 1851 used it as the nucleus of a service of native doctors. Then, with the growth of private enterprise, this powerful machinery for imposing on the people in general a minimum standard of public health was reinforced by the demand of planters spread over the countryside for European medical attention and for the protection of the coolies on their estates. By 1900 there were already 38 private European practitioners in Java in part-time employ by Government and in the Outer Provinces 21, of whom 14 were in the chief planting area, the East Coast of Sumatra. Besides these there were doctors of the civil and military services. During the present century the number of medical practitioners has grown more rapidly.

Medical Practitioners

Year	Java		O. Pr.	
	Eur.	Nat.	Eur.	Nat.
1900	103	90	73	42
1910	145	88	72	60
1920	301	147	152	86
1930	667		363	

But in respect of the Natives the Dutch during the nineteenth century were in general content to impose under a penalty a minimum standard of hygiene; the Ethical movement introduced a constructive policy to be enforced by "gentle pressure". From the first it was recognized that hygiene was very largely a matter of education, and it is a notable expression of the sympathetic imagination which so often characterizes the Dutch administration that the Public Health Service forms a branch of the Education Department. But it was only under the stimulus of the first outbreak of plague in

1911 that funds were allotted on a liberal scale to hygienic improvement. Since then, as shown in the margin, expenditure under this head has grown rapidly.

Expenditure on Public Health

Year	Amount (mil. f.)
1900	2·2
1910	3·4
1915	11·1
1920	15·3
1930	20·7

The chief heads of expenditure have been provision of hospitals and dispensaries; inoculation; the improvement of housing, and, especially of late years, propaganda. The most obvious result of this activity is the large proportion of houses with tiled roofs, which were regarded as conferring security against infection by plague; in some villages practically every house has a roof of red tiles, and over most of the Sundanese area the proportion is as high as 80 per cent., giving the visitor from British India an impression of widespread prosperity which other circumstances do not wholly justify. Naturally, zeal for sanitary welfare was not always tempered with discretion, and the people often understood the wishes of the civil officers better than the intentions of the medical officers, so that there are numerous stories, some doubtless *ben trovato*, of villages where the headman proudly led the Resident to his new model latrine, bearing the banner "Welcome", and of others where the people observed so strictly the injunction to keep their latrines clean that they refrained from using them.

The best criterion of the success attained in improving the standard of health is the reduction of the death-rate to a figure below twenty per thousand, but the measures are often stigmatized as wholly artificial, imposed on the people by a foreign government; and one reads that people in general do not co-operate in maintaining the improved conditions of housing, and that even the educated classes do little to promote hygiene as their attention is concentrated on political propaganda.[11] For all that, the cleanliness of houses and compounds in the villages is very striking, and it would seem that the Dutch have succeeded in raising the native standard, even if it does not yet reach their own high level. Nor is it quite correct that educated Natives disregard hygiene. In this, as in other matters, it must be remembered that the Regent is not merely an official; he is an hereditary local dignitary, and his care for the welfare of his

people, hygienic as otherwise, is not merely official, but resembles the care of an English squire for the villages on his estate. Again, Dr Tjipto, the political agitator, first came into prominence when he resigned his private practice to work as a subordinate in a plague camp; and of recent years the various Study Clubs promoted by the Nationalists have included hygienic welfare among the objects of their researches.

5. *Education.*[12] At the end of the nineteenth century, a European could educate his children almost as well in India as in Europe; but little had been attempted, and less accomplished, for the Native. In 1900 with a Native population in Java of nearly 30 million, less than 75 thousand were at school. Almost all these attended Second Class or Private schools, where they learned little beyond reading, writing and arithmetic, and even in the few First Class schools with a five-years course the elementary curriculum included no Dutch. A very small number of the upper classes were allowed, under discouraging restrictions, to attend European schools. In the Outer Provinces, with a much smaller population but greater missionary activity, the number of school-children was about the same as in Java, but there were no First Class schools. Foreign Orientals, mainly Chinese, had their own schools, with some 5000 pupils in Java and about 3000 in the Outer Provinces. Thus the educational system was characteristic of a plural society with separate schools for each section of the inhabitants.

For the most part the schools for Natives owed their origin to the demand for more competent subordinates consequent on economic progress under the system of private enterprise, and to the educational impulse given by humanitarian Liberals. But this impulse, powerful in the 'seventies, faded out during the economic collapse of the following decade, and only when the Ethical policy gained favour did education make new headway. Education, Emigration, Irrigation was the triple motto on the banner of Van Deventer. But the leaders of the Ethical movement were more constructive than their Liberal predecessors. Like the Liberals, they regarded primary instruction as a natural right of man; but they regarded it also as an instrument of welfare. More than half the village headmen and many so-called village clerks were illiterate and, in these circumstances,

Regulations intended to improve village life were largely ineffective. As Hasselman wrote in his Report on Village Services: "if we would raise the people to a fuller sense of independence and of their responsibility for managing their own affairs, the extension of popular education on a large scale is essential."[13] Education, then, was a general catchword. But few, if any, understood the difficulties which it presented.

The educational problem is, indeed, the most difficult of all those arising in a tropical dependency, a political organization founded and built up on economic circumstances rather than on geographic, racial, religious or linguistic ties, in which two elements, typically European and Native, live side by side, or, rather, superimposed, with the European as ruler and employer and the Native as subject and employee. Sometimes there is a third element, as in Netherlands India the Chinese. In religion, culture, and standards of living, these several elements dwell in different worlds, but they all meet in the market-place and dwell in the same economic world. Education may bridge the chasm between different cultural worlds, and taking the word in its widest sense, no other bridge is possible. But education itself has two aspects, cultural and material; although, traditionally, the cultural aspect is the more important, yet, in the modern world, the material, or economic, aspect is increasingly significant, and in East and West alike everywhere there is a growing demand for more and better schools that shall turn out a more efficient people and, among parents, a growing demand for better and cheaper schooling that shall fit their children for more desirable employment. Education has always had an economic aspect, because the economic life is one side, and a very important side, of social life; but only of recent years has the economic aspect come into the foreground, whereas education in its cultural aspect has always been a necessary condition of social life and the instrument by which a social unit preserves its distinctive character and even its existence. Education in its cultural aspect, however, is largely informal and unconscious, evolving together with the civilization which it preserves and as part of the same organic process, so that the cultural demand for education tends to remain unnoticed. With the growing economic demand for education

the cultural demand has receded still further out of sight yet, even in the modern world, in any normal society the economic aspect of education is still merely one aspect of a process which is primarily cultural.

Society in a tropical dependency, however, is abnormal. Instruction, even in the vernacular, provided by the ruling race must almost of necessity be an exotic culture, and it will be valued by the people only in so far as they wish to absorb the alien culture or to gain material advantage; ordinarily they will value education solely as an economic asset. Among the ruling race few will have the sympathetic imagination which is essential if the educational system is to promote the development of native culture; many will hesitate, on divers grounds, to try and impart European culture to the Natives; but all will welcome more competent and less costly subordinates. Thus in the abnormal conditions of a tropical dependency the tendency, visible everywhere in the modern world, to magnify the economic significance of education, develops into a conflict between cultural and material interests in which the former fight a losing battle. The leaders of the Ethical movement, however, though not insensible of the potential economic advantages of education, regarded it chiefly as a cultural asset.

The first practical expression of the Ethical policy in the domain of education was the notable budget of Fock for 1907. The position in respect of general education at that time is shown in the following table. There had already been great

Native Education, 1907. *Schools and Pupils*[14]

Region	Java	O. Pr.
Government schools:		
First Class	50	4
Second Class	278	382
Private schools:		
Secular	468	257
Religious	93	891
No. of pupils	133,555	132,385

progress since 1900, mainly in Private schools, but Fock proposed to double the number of Government schools within the next few years, and also sketched an ambitious project of

vocational instruction. "We have undertaken", he said, "to rule the people through their own leaders, and that implies the training of subordinates in all branches of administration. This has never yet been attempted, but now we have come to recognize that they have great capability and energy and, with proper encouragement, are able to co-operate with us in administration to the benefit of land and people."[15] It soon appeared, however, that he had overestimated his resources. The annual cost per child in a Second Class school was f. 25 and, with a school population of 5 million, the cost of primary instruction for natives alone would come to f. 125 million, out of a total revenue of less than f. 200 million. For this and other reasons progress was disappointing; in 1907 Fock expected to provide 186 new schools, but only 10 were founded. If education were to reach the villager and be effective as an instrument of uplift, something far less costly was essential, and in 1907 Van Heutsz devised a new type of village school to the cost of which the village should contribute. For these schools the village provides the school-house (often with a free grant of government timber) and, alone or jointly with neighbouring villages, contributes f. 90 annually towards the cost; Government provides the teachers, ordinarily two, and text-books, etc. The parents are expected to pay 5 or 10 cents a month, but, as they do not value the instruction even when it costs nothing, they are induced by "gentle pressure" from the Civil Service to send their children to school and are mostly exempted from paying fees. On this plan the number of pupils in Native Primary schools rose tenfold from 150,000 in 1900 to over 1½ million in 1930. (See the table on p. 377.)

At the time when Government, under the influence of Ethical ideas, was coming to recognize the moral duty and practical advantage of extending vernacular instruction, Miss Kartini had already done her work, Dr Soedira Oesada was laying the foundations of *Boedi Oetomo*, the Glorious Endeavour, and the people themselves were coming to appreciate the value of Dutch education as a means of national advancement. This was something quite new. During the last half of the nineteenth century the native official classes sought education as a means of personal advancement, but the conception of education as a cultural

asset remained a dream of humanitarians and missionaries; now, these found a powerful and welcome ally in the new-born Nationalism. But the Nationalist and Ethical educational policies had different objectives; the Ethical leaders favoured vernacular education so that the people might become more docile instruments of the official welfare policy, whereas Nationalists hoped by learning Dutch to penetrate the secret of European power and, also, to qualify themselves for the highly paid appointments which were the preserve of Europeans. This was not unwelcome to some Ethical leaders such as Snouck Hurgronje, who preached the doctrine of Association, and in 1903 the restrictions on admission to Dutch schools were relaxed.

Non-Europeans at Dutch Lower Schools

Year	No. of Europeans	No. of Native	No. of For. Or.	Total non-Europeans
1900	17,025	1,615	352	1,967
1905	19,049	3,935	731	4,666
1910	21,731	3,710	4,074	7,784

The pressure on these schools, however, became so great that in 1907 an attempt was made to relieve it by resuming the teaching of Dutch in First Class schools. These multiplied rapidly, but the concession failed to satisfy Nationalist aspirations. One grievance was that in the First Class school students were not prepared for the Clerkship (*Kleinambtenaren*) Examination as in Dutch schools. This, however, became possible in 1911, when the course in First Class schools was extended from five to seven years, and the use of Dutch as the medium of instruction from the lowest standard was made possible by the allocation of three European teachers to each school. A further grievance was that Secondary and Vocational education still remained the privilege of those educated in Dutch schools and in the new Dutch-Chinese schools, which had been opened in response to agitation by the Chinese. *Sarikat Islam* and the native Press had by now become a political force, and these urged native claims with such persistence that in 1914 the First Class schools were reclassified as Dutch-Vernacular schools, which involved no change in their character or curriculum but

signified that the top form was a starting-point for higher or special studies instead of the terminus of an education good enough for Natives. Each section of the community still had its special schools, but the Natives were at length placed on the same level as Europeans and Chinese in respect of instructional facilities.

The conversion of the First Class school into a Dutch-Vernacular school preparing the pupils for higher education created a demand for more advanced schools where this higher education could be given. The demand was met by converting the higher classes for Extended Lower Instruction (U.L.O.) and More Extended Lower Instruction (M.U.L.O.) into independent "Mulo" schools, which were linked up by a preparatory class with the new Dutch-Vernacular schools. A comprehensive curriculum is a characteristic feature of Dutch education, and the course in these Mulo schools is practically identical with that in the Mulo classes of the European schools; the compulsory subjects are Dutch, English, German, General History, Science, Mathematics and Drawing, and the course differs from that of Dutch schools mainly in that French is optional instead of compulsory. It deserves note, however, that the course is arranged on a different plan. In Dutch schools, whether in Europe or in Java, the pupils go to a specialist teacher in each subject; there is no form-master, no one charged with general help and supervision of the students. Many Dutch parents regret the absence in their schools of this normal feature of English education. As Natives feel the need of such help even more than Europeans, the pupils in these Mulo schools are grouped in forms. The course, including the preparatory stage, lasts four years, and considering that the Natives may have three Oriental languages, Javanese, Sundanese and Malay, as well as three European languages to learn, one wonders not that so many fall by the wayside as that any last the course; yet the proportion of those who survive to the end does not seem notably less than in British India. Some of the survivors go no further, some turn to vocational instruction and some carry their cultural education to a further stage, the High School. In 1926, therefore, the course was revised to provide separately for these three types of pupil.

Just as the institution of Dutch-Vernacular schools made it necessary to provide further education in Mulo schools, so, in due course, the provision of the Mulo schools necessitated the institution of Middle Schools; and since 1919 General Middle schools have enabled Natives to continue their studies up to the standard required for entrance to a university, which is a higher standard than that required for entrance to a university in British India. In the General Middle school there are three sections: Mathematics and Natural Science; Western Letters; and Oriental Letters. This last section deserves special notice as an attempt to synthesize Eastern and Western culture, and to provide the Natives with a cultural education better adapted to Eastern life than that given in a Dutch Higher Civil school (H.B.S.).

Since 1900, then, the centre of gravity in educational policy has shifted. At that time Europeans in the East enjoyed facilities equal to those in Europe for entering a university, but Natives, except for those few grudgingly admitted to Dutch schools, could merely pick up in the vernacular crumbs of European learning such as would qualify them for menial or subordinate clerical positions. In 1900, among those receiving primary instruction in Dutch, there were 17,025 Europeans and only 1615 Natives and 352 Foreign Orientals; in 1930, against 38,236 Europeans, there were 71,618 Natives and 24,807 Foreign Orientals. In 1901 the *total* number of students receiving Mulo or Secondary Instruction under all heads, *including* vocational instruction, was 1255, of whom all but 29 were Europeans; by 1910 the total had risen to 2537, including 313 non-Europeans; but by 1930, *excluding* vocational instruction, there were 6994 Europeans, 7768 Natives and 2012 Foreign Orientals.

Yet the standard of instruction remained at least as high, and was fixed, in 1930 as in 1900, not by the pressure for degrees in Java, but by the standard demanded by universities in Europe. This exerts an upward pull throughout the whole educational system. The Dutch child in Java must be able to enter the corresponding standard in a Dutch school in Europe; the child in a Dutch-Vernacular school must be able to enter the corresponding standard in a Dutch school in Java; and vernacular education is similarly linked up with the Dutch-

Vernacular system. The Middle School Diploma is fixed by the demand of professors and parents in Europe at a standard corresponding roughly with that of the Intermediate Examination in Arts or Science at a university in British India, and throughout the whole system the upward pull, exercised by the requirements of European parents for the education of their own children, tends to counteract the obsession of "degrees", and the downward trend of educational standards, which has so often been deplored in British India. Thus in education, as in so many aspects of social life, the attempt to make Netherlands India a home for Europeans has made it a better home for Orientals.

The introduction of vocational education and technical instruction also originated in the needs of Europeans. Even before the end of the nineteenth century the requirements of the sugar industry led to the foundation at Surabaya of an evening school where Europeans who had obtained the Lower School Diploma could study mechanical and civil engineering, and by 1900 there were over 250 pupils. In Batavia the growth of a class of poor Europeans led the local Masonic Lodge in 1886 to open classes for smiths and carpenters, and in 1903 these were taken over by Government. But at the beginning of the century there was a lack of skilled Europeans, owing to the unfavourable economic conjuncture. Accordingly in 1901 the Queen Wilhelmina School, the first technical school in India, was founded. In 1906 a distinct section was set apart for those who wished to enter commerce or the marine, and in 1911 this section was converted into a separate institution, the Prince Henry School. Since then three other technical schools have been established: the Queen Emma School at Surabaya (1912), the Princess Juliana School at Jogyakarta (1917) and a school at Bandoeng (1920). Students from these schools could easily find employment, but were not so highly qualified as professional engineers from Delft. Meanwhile, the War had led to an acute shortage of graduates from Delft, and in 1919 an Engineering College was opened at Bandoeng by the Royal Institute for Technical Instruction in Holland with the help of a subsidy from Government and a contribution of f. 3 million from the *Nederland Overzee Trust*, formed to supervise trade during the War.

Although Natives, as such, were not debarred from these new technical institutions, they were for the most part shut out from them because, until the restricted scope of general instruction for Natives was gradually enlarged, they were not qualified for entrance; so that technical instruction remained very much a prerogative of Europeans. Economic forces worked in the same direction. There was a demand for trained men, and the men who underwent the training acquired a higher market value. At the same time there was a supply of men whom training would fit to meet the demand. The problem was simple, and was merely the organization of the supply by the provision of educational machinery such as would turn the supply of men to the best account in meeting the demand. The provision of vocational instruction for natives presented a very different problem, and for some time its nature was not clearly comprehended. In Netherlands India, as in British India, people thought to develop native industry by training Natives for industrial employment. That was how Idenburg in 1902 proposed "to call into existence native industry and native capital"; and it was the policy of Van Kol, Van Deventer and Fock. But there was no economic demand for Natives who would undergo vocational instruction. The man who had been taught to be a better smith or carpenter might produce better implements than the lad who learned to make them on the pattern of his ancestors, but he would not, in the native world, be able to command a better price; the demand for skilled native workmen was confined to the comparatively small European world. Again, vocational instruction, that deserves the name of education, presupposes a basis of primary instruction on European lines; but the primary instruction given to every child in Holland is in India the hallmark of an educated man, who looks for work more attractive and more lucrative than manual labour; in the industrial world there is no economic demand for his services. The problem of vocational instruction for Natives therefore was not a single problem but a complex of problems, educational, political and economic; it involved not merely the organization of supply but the organization of demand.

The first notable attempt to organize supply was the comprehensive project of vocational instruction for Natives formu-

lated by Fock in his great educational budget for 1907. At that time, even in Government service, little use was made of Natives who, apart from menial occupations, were almost restricted to the Native Civil Service and the subordinate medical and educational services. For these occupations there had long been special schools, but the State made no provision for technical instruction except by subsidising the workshops established in a few private schools, and by maintaining one small school for artistic crafts which had been founded in 1904 at the instance of a Regent. The welfare movement required a great extension of State activity in technical instruction for two reasons: one, to open up new avenues of employment, and the other, to provide the new welfare services with competent and cheap subordinates. Fock outlined a comprehensive scheme for training Natives for all the new services, and also for private enterprise; and all the work since then has been built on the foundations which he laid.

In respect of training candidates for Government service the lack of a market, the main difficulty of vocational education in a tropical dependency, was not felt; for Government provided the market, and could regulate both demand and supply. The growing extension of State activities opened an ever-widening field of employment, and the gradual improvement of cultural education furnished men with the requisite educational qualifications. For many years the superior services, which required a university training, were in practice closed except to Europeans; but the foundation of the Technical College at Bandoeng in 1919 (taken over by Government in 1924), of a Law College in 1924 and a Medical College in 1926 made it possible for Natives as well as Europeans to obtain a complete education in Java in engineering, law or medicine. In other lines candidates for the highest grade of employment must still be trained in Europe; but the middle and lower grades are now mainly recruited from candidates who have received specialized training of a secondary or primary standard in India. The standard of instruction in the schools for the Native Civil Service has been raised to a secondary grade since 1927; all ranks in the Police have been trained in a special Police School since 1925; courses for Secretariat and Municipal officers were provided in 1922 and for the Accounts Department

in 1926. The Public Works Service, the State Rail- and Tramways, the Postal Telephone and Telegraph Service, and the Survey Service provide courses for their recruits; the Credit Service gives instruction in Book-keeping and the Pawnshop Service in Valuation. All these courses are strictly departmental but, like the engineering, law and medical colleges and schools, the institutions for teaching agriculture and forestry are open to private candidates. The belief in specialized training indicated by these numerous courses is very characteristic of the Dutch, and in striking contrast with the English system on which, except in highly technical departments, there is a preference for a wider cultural basis, and appointments often go to candidates with a degree in arts or science who are expected to pick up as best they may any special knowledge which the job requires.

But the intimate connection of this specialized training with Government service greatly limits its utility. At present, however, this is necessary, because the field for the employment of Natives in private enterprise is so restricted. It is, in fact, limited to skilled and unskilled labour for European firms. Even before Fock's budget, lads trained in the workshops of the private schools found ready employment in European enterprise, but Fock hoped that his scheme would stimulate the development of native industry, and it was with this object in view that three trade schools for Natives were opened in 1910. Although it soon appeared that, for lack of any native market for special skill, the lads must seek work under Europeans, the European demand for skilled mechanics and foremen was so great that they had no difficulty in obtaining well-paid work. The War, and the general relations of capital and labour after the War, enhanced this demand, and it was found necessary to open new schools at smaller centres, and also branch schools, with a simpler course of instruction lasting two years instead of three. By 1930 over 4000 lads were attending schools of this type. But very few indeed can look for employment except by Europeans.

Outside Government service, however, there was little opening for natives with a specialized education of a higher grade. The European industrial and commercial firms preferred to recruit their assistants in Europe; in the medical profession,

Europeans prefer European doctors and the Natives have little belief in Western medicine, so that native doctors practising European medicine have a very restricted field. Thus in Netherlands India, as in British India, the Native finds his best prospects in the law; but the Dutch tradition of discouraging professional advocates in most courts, especially in native courts, has placed some limits on the flood of native lawyers under which British India is submerged.

The experience of the past quarter of a century has therefore done little more than reveal the intricate complexity of the problem. So long as vocational education is directed solely to Government employment, the narrow field and cramping conditions of official life prejudice efficiency; and the training of skilled labour, which has no prospects of promotion to the higher grades, gives a racial colour to labour problems, and tends to be a disruptive rather than a constructive force. The key to the problem of vocational education and technical instruction lies in the provision of a market for specialized training and skilled labour in the native world. Already the chauffeurs and cycle-smiths trained in Government institutions can set up their own small business or may even find employment among Natives, and the very few native factories recruit native mechanics and managers. But that is exceptional, and the problem lies in the organization of demand. That is one fundamental difference in economic life between East and West; the problem of practical economics in the West is to organize supply, in the East the central problem is to organize demand. An instance of the application of this principle may be seen in the organization of the demand for tiles for roofing. Tiled roofing was encouraged by Government on hygienic grounds, and the encouragement of the demand for tiles under "gentle pressure" by Government has led to a regular industry in manufacturing them.

A more recent example may be seen as one outcome of the economic crisis of 1929. At that time the *swadeshi* movement was creating a demand among the Natives for home-made clothing, and the crisis led to the flooding of the market by cheap Japanese cotton goods which threatened ruin to the mills of Twenthe. By taking advantage of these conditions the Government Weaving Institute at Bandoeng has been able to do much

for the promotion of weaving, dyeing and carpentry among the Natives; similarly, propaganda in the official *vergaderingen* has done much to organize the demand for native hats. But, so long as Java remains predominantly agricultural, improvements in production will count for little unless the standard of agricultural production can be raised. Successive attempts in this direction failed; largely because those who organized them did not understand enough of native agriculture. During recent years, however, a special study of native agriculture has suggested a new plan. Government posts an agricultural expert to make a close study of agricultural conditions in a selected locality with a view to demonstrating that, working under conditions similar to those of the cultivator, he can produce larger crops at less cost, or more valuable produce; he then moves on to repeat the process in a new place. This system, it is said, is beginning to yield promising results. But the table on p. 377, which summarizes the progress made in vocational instruction by 1930, shows that the number of students receiving vocational instruction is still very small in comparison with those at general schools, and that least progress has been made in the subject of chief importance, agriculture.

As noticed already, education provided by a European government, even in the vernacular, must reflect European ideas and tend therefore to dissolve native culture; this tendency is far stronger when the pupils are given a wholly European education in Dutch, for only the most vigorous minds can respond to such an education by applying it to the development of native culture, and, as in British India, there are complaints that the ordinary product of the schools is neither European nor native in his outlook, but just muddled. The Dutch have attempted to modernize native culture in the course in Oriental Letters in the Middle schools; and the Natives, in their reaction against European influences, have established "wild" schools, with a nationalist bias and wholly independent of the official educational system. But neither the Dutch nor the Natives seem to have achieved much success in the application of modern education to the promotion of native culture; the course in Oriental Letters attracts very few students, and the Nationalist schools are often poor imitations of Government schools,

Pupils in Educational Institutions, 1930–31

	Medium of Instruction							
	Vernacular				Dutch			
	Eur.	Native	F. Or.	Total	Eur.	Native	F. Or.	Total
Cultural:								
Native Lower school	—	1,656,244	10,252	1,666,496	—	—	—	—
Kindergarten	—	—	—	—	2,798	7,131	4,818	14,747
Western Lower school	—	—	—	—	38,236	71,618	24,807	134,661
Mulo	—	—	—	—	3,458	6,906	1,424	11,788
Secondary	—	—	—	—	3,536	862	588	4,986
Total	—	1,656,244	10,252	1,666,496	48,028	86,517	31,637	166,182
Vocational:								
Pedagogic	—	8,575	—	8,575	848	1,558	200	2,606
Medical	3	2,091	5	2,099	100	325	109	534
Industrial	37	4,697	22	4,756	1,758	1,580	342	3,680
Agric. and Forestry	—	126	—	126	178	266	34	478
Commercial	—	—	—	—	175	128	185	488
Administration	—	227	—	227	353	780	18	1,151
Marine	—	—	—	—	14	155	—	169
Army	—	—	—	—	540	431	—	971
Total	40	15,716	27	15,783	3,966	5,223	888	10,077
University:								
Technical	—	—	—	—	66	36	9	111
Law	—	—	—	—	50	142	51	243
Medicine	—	—	—	—				
Total	—	—	—	—	116	178	60	354

although some, notably the Taman-Siswo schools, founded by R. M. S. Soeryaningrat, formerly one of the associates of Dekker, are said to be doing good work.

The establishment of these Nationalist schools has led to a new departure in educational policy. The Dutch Government has always been ready to believe that prevention is better than cure, and it has applied this policy in respect of European teachers from the first provision of State education, by exercising supervision over those allowed to give instruction. In view of the Koran schools, however, there were special difficulties in laying restrictions on native schools, and, so long as native education was of minor importance, there was small need for restraint. But, with the growth of native education and the appearance of the "wild" schools, measures were taken in 1923 (ISB. No. 136) for registering all schools and making teachers liable to suspension in the interests of public order. A step further was taken in 1932 when private teachers were required to obtain permission to teach from the Provincial Governor. This measure was so keenly criticized that in 1933 "the system of prevention was replaced by one of repression", under which teachers were required merely to give notice of their intention without obtaining a permit, and the Provincial Governor was empowered, under certain conditions, to forbid a specified teacher to give instruction. At the same time the permissive system formerly applicable to European teachers was abolished. It deserves note, however, that education is not among the subjects which have been made over to the Provincial Councils.

One very remarkable feature of Dutch educational policy has been that the people are not only taught to read but are provided with reading-matter. But an account of the "Palace of Literature" may conveniently be given later, when considering the progress of general culture among all classes.

6. *Missions.*[16] In the promotion of welfare, and especially in connection with medical care and education, missionaries have played a considerable part. Among the Natives over 85 per cent. are Moslem, and Islam is the religion of Java and of most of Sumatra; Bali is Hindu; Amboyna, the Minahassa in the North Celebes and the Batak country of Sumatra are Christian, and the rest of the population is Animist. The State, as in British

India, professes religious neutrality; but in a very different sense. In British India, priests and ministers, Christian and non-Christian, outside a very small Ecclesiastical Service, are independent of the State, except for grants in aid of educational, medical or similar activities. But in Netherlands India the State exercises a close supervision over all religious communities, so far as they touch public life, while leaving them freedom in matters of religion.

In Java the Regent maintains a register of Moslem clerics, and no one may assume a religious title without due authority. The local cleric is appointed by the Regent or the village headman, and in the village is a member of the village government. The Regent and the headman are required to take care that clerics do not contravene the law in the exercise of their functions. Certain religious questions are tried by benches of clerics appointed by Government; in every *Landraad* (Township Court) a cleric, appointed and paid by Government, acts as Adviser on religious matters; marriage and divorce and, in some measure, religious education are supervised by Government; the funds of mosque treasuries are derived from contributions levied under official regulations, and are mainly applied to the salaries of the religious officials; and in some cases Government has contributed to the building of mosques, and it regulates the pilgrimage to Mecca. Similar arrangements apply in general to other non-Christian religions.

The Christian Churches at work in Netherlands India comprise the Roman Church, many Protestant sects, and institutions such as the Salvation Army, on a non-confessional basis. General supervision over religious activities is ensured by the provision (Art. 177, IS.) that all Christian workers must be provided with a pass entitling them to work within a defined area. Until 1928 this provision was utilized to keep the different religious bodies in distinct fields. The numerous Protestant sects of Holland are included in Netherlands India within a single Reformed Church, closely dependent on the State; and until 1927 any religious organization outside this Church and the Church of Rome was regarded officially merely as an ethical society. The Roman Church has a larger measure of independence, and the priests are not Government servants, like the

Protestant ministers, but for the most part they are paid by the State. In the Roman Church the same priests work among Europeans and Natives, but in the Reformed Church a dual system obtains and the European and missionary elements are distinct; where, as in Minahassa, Christianity has made great progress, the area is made over to the State Church. The close connection between State and Church has long been regarded with disfavour by earnest Christians as well as by ardent Secularists, and, now that native influence on Government is growing, the difficulties are felt more keenly. Attempts at the separation of Church and State date so far back as 1864 and have come both from Clericals and Liberals; of recent years there have been resolutions in the Volksraad in favour of disestablishment, but financial difficulties have hindered a solution.

Although the Roman Church has been admitted since the time of Daendels, and Protestant missionaries have been allowed to work in some parts of the Outer Provinces since the beginning of Crown rule, the Dutch Government was suspicious of missionary activity in Java as liable to inflame Moslem resentment, and missionaries were not admitted until 1851. Government was still jealous of private enterprise in education, and the earliest missionaries had recourse therefore to providing medical assistance. Medical work has been encouraged by the grant of liberal subsidies from Government, and in 1931, of the 173 hospitals in Java (other than dispensaries), 114 were private institutions; and of 302 hospitals in the Outer Provinces no less than 270 were private, the great majority of the private hospitals being maintained by missionary associations.

In the Outer Provinces, where there was less danger from Christian propaganda, grants for the education of the Native were made to missionaries even under the Culture System. But, when an educational organization was built up during the last half of the century, the Liberals, with their secularist tradition, were averse from encouraging clerical education, and it was not until 1890 that mission schools were regularly subsidized. Since then there has been rapid progress, but it has taken different directions in Java and the Outer Provinces. In the Outer Provinces the missionaries, dealing with primitive tribes, provide elementary instruction of a rudimentary type; and although

over one-fourth of the school-children, 145 thousand out of 515 thousand, are in mission schools, the missionaries maintain only 24 of the higher grade of vernacular school, or standard school, against 547 maintained by Government. In Java, the missionaries work chiefly in the towns, and whereas they maintain no more than some 200 village schools against 9600 Government village schools, in the towns there are over 150 Mission Standard schools against 1113 Government schools of the same class. Thus, in Java, the missionaries work largely among the higher class of Native, while in the Outer Provinces they deal with the most primitive.

In Java therefore missionary influence has had little direct effect on welfare among the general body of the people. But in the Outer Provinces the missionaries were at home in the villages before regular administration was introduced, and, when the officials arrived and introduced new regulations, the people turned to the missionaries as old friends. This gave them great influence, which they used for the benefit of Christianity and the Dutch Government, so that by Nationalists they have come to be regarded as "servants of the Capitalist System", and by Dutch colonists as almost disloyal in their "ethical tendencies".

7. *Welfare and the Village.*[17] In the imposing welfare campaign for improving agricultural production and veterinary care, extending education, providing sound credit and promoting public health, it was impossible for officials to deal with villagers individually, but, just as Van den Bosch found in communal tenure a lever for the Culture System, so likewise did the leaders of the Ethical movement look to the village community as a lever for enhancing welfare. The typical Javanese village had much in common with the Hindu village community and, like that, was a self-contained social unit. There was an elaborate village government which, even in its simpler forms, comprised a headman, a clerk, a priest, two or three subordinate headmen, policemen and messengers, who were paid by an allotment of village land or by customary contributions from the villagers; sometimes there were village artificers similarly paid. The caste system was not so highly organized as among Hindus, but the villagers were ranked in grades (*standen*), ordinarily four, according as they held rice-land, garden-land, or house sites or were

merely *pondok*, "lodgers huddled together in a corner". All the land was village land; some allotted for the support of village officers, some held as common property for grazing or other purposes, or sometimes leased to tenants paying rent to the village, and the rest occupied for a year or longer by the hereditary land-holding families.

The Culture System undermined the native village by increasing the power of the village headman so that he might use it for the benefit of Government; the Liberals, with their tradition of individualism, weakened village ties; but the Ethical movement aimed at strengthening the village in its corporate capacity. Towards the end of the nineteenth century local officials with a zeal for uplift were already exercising "gentle pressure", their personal influence as officials, to raise money for the building of bazaars and village halls, for road-making, street lighting, and for festivals, charities, and even for missionary activities; some went so far as to apply mosque funds to such purposes. These levies had no legal basis and, though nominally voluntary, they were in fact unlawful exactions; and the officers who promoted them were usurping powers that were reserved by law to the Governor-General and which even he hesitated to use. Hasselman's Report on the Pressure of Village Services drew attention to the need for such activities and for the strengthening of the village as a corporate community before a welfare policy could be effective; and the Village Regulation of de Graaff provided the machinery for converting the village into an instrument of welfare.

Never, perhaps, has any Government set itself so wholeheartedly and with such zeal and comprehensive thoroughness to building up the welfare of its subjects as the Government of Netherlands India in the beginning of the present century. Most of the officials at that time had fallen under the spell of Multatuli during their studies at Leiden, and came to India as enthusiastic idealists, filled with ardour to take part in the great civilizing mission of the Netherlands. On their arrival they found a welfare programme as the official policy of Government; zeal for the well-being of the people was a condition of promotion, as any who were reluctant to interfere with native life were likely to be regarded with disfavour as "weak and re-

calcitrant administrators". The new opportunities afforded by the Village Regulation were seized with enthusiasm. Before long almost every village had its Village Treasury, to provide funds for everything that the Controleur or Assistant Resident thought the village ought to want; school, village bank, paddy bank, stud bull, pedigree goat, bazaar and so on. At the same time the people were educated in business principles, and numerous registers were prescribed for the headman, clerk and village priest; but, with anxious care lest democracy should be sacrificed to efficiency, an elaborately democratic machinery was constructed, with periodical "Village Meetings", at which resolutions should be formally adopted by a due proportion of villagers duly qualified to vote; likewise, for the conservation of village lands and customs, all matters relating to them were carefully placed on record. Thus, in every aspect of village life, the Controleur stirred the people up to new activity.

The most important of the numerous village registers is the Village Book (*Poetoesan*). The first entry in this book records the arrangements regarding land-holding and contributions to village officers, and subsequent entries trace the course of village history. A meeting of the Village Government is held "once a week" (i.e. every fifth day) to discuss local affairs, but all matters of importance must come before the Village Meeting, held "once a month" (once in 35 days), and can be decided only where an adequate majority is obtained at a meeting attended by a sufficient number of those qualified to vote, ordinarily, the members of the two higher grades (*standen*). The record of each Resolution must show the number of people qualified to vote on it, the number of qualified voters present, and the number who voted in its favour, and must be authenticated by the signature of the headman, the clerk and two elders. Every agreement to lease village land to European planters must be placed on record in this book; and among the miscellaneous resolutions may be found a decision to contribute to the Regency Dispensary, to buy land for a village school, to buy medicine for an outbreak of itch, or poison for a plague of rats, to dispose of a refund of land-revenue, to take certain precautions against forest fires, to build a stable for the village stallion, and so on.

Another important register is the Village Pass-Book, showing the village account in the Regency Bank. For the smaller villages other accounts are merely noted in the Village Book and may consist of a single entry showing the annual budget and balance sheet. Thus, for one village the entry reads:

Interest due from Bank	f. 2·20
Grant from Regency Council towards Regency roads	96.00
Fees on sale of cattle at 50 c. per head	20·00
Miscellaneous	5.00
Total	f. 123·20

Larger villages with an income of f. 500 upwards have more elaborate accounts, and a separate cash book may be maintained as a record of receipts and disbursements. A typical budget is given below:

Estimate of Revenue and Expenditure

Revenue		Expenditure	
Bazaar	f. 2,040	Salaries of bazaar staff	f. 480
Water-supply	270	Pay for groom of stallion	36
Fees for stallion	10	Contributions from bazaar revenue to village officers	168
Regency Road-grant	90	Contribution to midwifery hospital	25
		Pay of dispensary durwan	36
		Contribution to village school	60
		Repair of village roads and bridges	120
		Pay of durwan of water-supply	60
		Maintenance of water-supply	30
		Pay of lamplighter	60
		Cost of oil for street-lamps	48
		Charity	1
		Repayment of loan from bank	600
Total	f. 2,410	Total	f. 1,724

In addition to the registers which the headman maintains as representative of the corporate village, there are others which he maintains as an officer of Government. Chief among these is the Register of Holdings and Assessments, and in this connection it is difficult to refrain from comment on the lightness of the demand and the leniency shown in collecting revenue. Few people pay more than 5 or 6 gulden and these small amounts

are collected, at no fixed time, in three or four or more instalments, whenever convenient. The main item is land-revenue which, of course, is confined to land-holders, and the only other head of direct taxation to which people in general are liable to contribute is income-tax, with a minimum assessable income of f. 120 a year. In some parts zealous officers argued that no one can live on less than f. 120, and therefore every one must be liable to income-tax; but this was brought to notice as a legitimate ground for discontent and is presumably exceptional, and it is certain that in not a few villages most of the inhabitants make no direct contribution either to the State or local revenues and pay nothing beyond their contribution, if any, to village funds.

Practically the whole of this elaborate village administration on the most up-to-date and efficient democratic principles is new; the germ existed in the traditional self-contained, self-governing village, but the village as it now functions is the product of the intensive welfare cultivation of the last thirty years. In an enquiry into the working of the Village Regulation Laceulle claims that "it has contributed in no small measure to the building up of village life", and the bare figures regarding village funds he regards as a convincing reply to those who say that Government has neglected to foster village interests. He supports this view with an array of statistics showing the position of village finances in 1927. There were then 18,584 villages in Java, and in so many as 14,868 there was a Village Treasury. The balances of the Treasuries and other funds is given in the margin, and it should be noted that these are strictly village moneys, distinct from the revenues of Regency and other Councils. In addition to these funds in cash, there were 382,342 bouw of rice-land and 81,290 bouw of dry land, giving an annual net yield of f. 16 million. Thus, one outcome of the Village

Village Funds in Java

Name of Fund	Balance
Treasuries	9,328,387
Bazaar funds	1,514,956
School funds	1,008,038
Irrigation funds	7,536
Veterinary funds	27,516
Miscellaneous	431,598
Total ...	12,318,031
Assets of	
Village banks	10,211,000
Paddy banks	8,791,500
Grand total	31,320,531

Regulation was to turn the village into a Public Company, with large funds which the Controleur as managing-director could apply to whatever he regarded as desirable for village welfare.

But the Village Regulation, dealing with Java as a whole, was framed on the assumption that everywhere villages are much the same. This is not at all the case. Even within Java village economy presents a wide range of variation, which was bound to affect the working of the measure. In the purely Javanese region of mid-Java the village ordinarily consists of a single large complex of houses, surrounded by a communal village fence and lying within a circle of communal rice-lands; the Sundanese village of East Java, however, is a collection of hamlets, each comprising several distinct groups of three or four houses, dotted about among rice-lands held in individual possession; the Madurese village of West Java is still more widely scattered over many tiny hamlets of four to ten families dependent chiefly on cattle-breeding and with no rice-land. Other differences in internal economy, due to racial, historical and economic factors, are equally profound. Mid-Java was long associated with Hindu colonists, and the people themselves, and their houses, with floors level with the ground, would not seem strange in Madras; in a Sundanese village any one looking at the cheery Mongolian faces and the houses raised on piles might almost imagine himself in Burma; the Madurese differ widely from both, in physique and also in character. Mid-Java, again, was the main centre of sugar and indigo cultivation which, both under the Culture System and Liberalism, promoted communal tenure and a dense population. The effect of physical conditions on village life is most clearly apparent in the Madurese region. The typical Madurese village is found where there is no rice-land and where the people keep their cattle, their most valuable possession, in their compounds; the cattle require a large area for grazing, and large villages would breed epidemics; near the coast, where fishermen predominate, the villages are larger, and on the mainland a Madurese village tends to resemble a Javanese village, except that the land is not held on communal tenure. Then there are great differences, even within the same community, between upland and lowland villages, between those

with and those without irrigated land, between villages associated with European plantations and villages having no contact with Europeans other than officials, between jungle villages and villages, bordering on towns, with a population of coolies and craftsmen. Some villages again are law-abiding and peaceful, others criminal and rowdy.

Differences in respect of area and population were among the more obvious and, to officials zealous for uplift, seemed of great importance. Although in fact the post of village headman was largely hereditary, in form it was filled by popular election; but the emoluments depended largely on the number of inhabitants, and Western officials thought it reasonable that better pay should attract better men. A policy of amalgamating villages was therefore adopted, and the marginal table shows the extent to which this was carried. By this means the headmen were provided with adequate salaries; in 1902 the proportion of headmen with an income below f. 300 was 29·7 per cent., and of those with more than f. 900 the proportion was only 13·8 per cent.; by 1920 the corresponding proportions were 14 per cent. with less than f. 300 and 31·4 per cent. with more than f. 900. Yet it gradually became clear that the result had been to weaken and not to strengthen village life; for in some villages which had been amalgamated for more than 20 years, each of its constituent elements still lived a separate life, and sometimes a headman, who might be as strong as ever in his original village, dared not show his face in the hamlet which had been given to him in order to raise his income and increase his influence. In 1900, it has been said, the natural and official units of social life were identical; by 1930 the official unit had become an artificial construction.

Year	No. of villages	Population per village
1897	30,500	800
1907	26,600	1,050
1917	24,000	1,250
1927	18,584	1,800

Figures for 1897–1917 from Meijer Ranneft, *Belastingdruk Verslag*, p. 123; for 1927 from Laceulle. These differ, though not materially, from the figures in *Ind. Verslag*, 1932, ii. 195.

A similar criticism applies to most of the plans devised for the building up of village life; they have never been structurally incorporated but remain decorative stucco, or, at best, lath and

plaster imitations. De Wolff hoped to build up village life anew on the basis of co-operation, but "gentle pressure" gave speedier results; the people were encouraged to provide timber and labour for building the bank, well-to-do villagers were encouraged to provide the capital and cultivators were encouraged, though probably they did not need much encouragement, to borrow from the bank, and the "so-called village banks" spread rapidly over the country. The "so-called village schools" were equally the result of gentle pressure by officials, and the same remark applies, says Adam, to most of these new developments. "Autonomy and progress do not go together." "If Government holds its hand, then everything sinks into a quagmire; but if Government intervenes, it must build on Western lines which will probably miscarry." During the past ten years such criticism has become more vocal; Laceulle in his enquiry into village autonomy admits that official intervention has weakened village life, and suggests that greater care should be taken to have all matters settled in the Village Meeting. Others contend, however, that "all these village budgets and village accounts are as a rule so far beyond the bounds of possibility that every instruction relating to them remains a dead letter" and that the machinery of sham democracy served merely to make the village a more "practical instrument" in the hands of the zealous Dutch official.

It is perhaps even a more serious objection to a welfare policy that attempts to help the people tend to undermine their moral fibre. A Resolution in a Village Book, carrying by the prescribed majority of duly qualified voters a proposal in favour of improvements in the water-supply, suggests that the people are waking up to modern hygiene; but this impression fades when it appears that the local Civil Servant, at the instance of the Public Health subordinate, encouraged the people to adopt the scheme. As one travels round the villages encountering a rapid succession of agricultural, veterinary, irrigation and fishery officers, and members of the education, credit and public health services, one hears, time and again, the remark: "But they are children, and we are here to help them"; at a Regency *vergadering* the Regent will warn his subordinate officers and headmen to take care that the people set about their cultivation

in due time; when the Irrigation or Fishery Officer explains some project in a *vergadering* of village headmen, the District or Sub-district Officer is present to see that his remarks sink home; the registers of the village schoolmaster show that the local Civil Servant acts as a school-attendance officer, and one finds a veterinary subordinate selecting cattle for castration. All these people want to help so much: "let me help you", one can almost hear them say, "let me show you how to do it, *let me do it for you.*" Even at the beginning of the century when most critics said that Government did nothing for the people but fleece them, others were suggesting that with so much coddling they would never grow up, but always remain children. In proportion as the Ethical movement has failed to yield the results that were expected, this view has gathered strength, and now one is told that "the villager cannot even scratch his head, unless an expert shows him how to do it and the Sub-district Officer gives him permission".

Others criticize the welfare movement on the ground that it is prejudicial to Dutch rule. People do not want all these improvements, and do not understand their benefits; but in one way or another they must pay for the improvements and comply with the new regulations which they entail. Illiterate parents, who find their children useful at home or in the fields, will like Dutch rule none the better for sending them to school. Moreover, the whole system is directly opposed to one great Dutch tradition of tropical administration. Under Liberal rule, and even under the Culture System, the European officer remained in the background, and only stepped forward when it became necessary to cure or prevent ill-treatment of the people by native officials, so that the Dutch appeared solely in the light of benevolent protectors of the people against oppression by their own rulers, and yet, at the same time, bound the native rulers to the Dutch Government by ties of interest. In the early days of the welfare movement the Dutch Civil Servant, and especially the Controleur, began to play a more active part as the fountain of welfare, even if the people did not drink its waters willingly. The multiplication of departmental officers served at first to enable the Dutch Civil Servant to discharge more efficiently his functions as social engineer; but gradually

more of his time was taken up with departmental correspondence and, as the departments gathered strength, they relieved him of his welfare functions, and called on him merely for the support of his authority. Thus he has again retired into the background, but now he comes forward as an official only in unpleasant circumstances, for the collection of taxes or debts, or for the enforcement of departmental rules. The people still come to the Civil Servants, European and Native, as friends for the amicable arbitration of disputes such as in British India would, as a matter of course, come into the Civil Court and be settled by strict law; but the process of converting the friend into an official has gone so far as to be the subject of general regret.

The common feeling among Europeans, even among sympathetic officials, seems to be one of disappointment with the outcome of the welfare movement; especially in its democratic aspect. Excessive interference with the people, it is said, has turned them against Dutch rule; the attempt to leave more to native officials and to the people themselves has broken the traditional link between the Dutch Government and the people, and "back to reality" is the burden of one of the latest and most powerful of Van Vollenhoven's essays on colonial statecraft.[18] It may well be doubted whether this feeling of disappointment is wholly justified. The village school, regarded as an expression of the corporate village, may be a sham and, in reality, an organ of the central government rather than of the village. But even realists admit that Government must present its own case against those who would undermine its authority, and illiterate villagers are difficult to reach; the village school may be an organ of the central government, but it is necessary in the interests of the central government; illiterate people will not send their children to school except under pressure, and the mere fact that the school is termed a village school probably helps Government subordinates in exercising pressure. It may be an illusion that the school is a village school, but it is a useful illusion. Some things must be done by the State or not at all, and in the plural society of a tropical dependency the State must do more than in a homogeneous Western society. Little attempt has yet been made to map out the best distribution of functions between the central government and local organs in a plural

society, and an enquiry into that problem, which would form attractive material for a thesis, might show that the Government in Netherlands India has been asking more of the village than could reasonably be expected; even so, if the State has achieved more by encouraging in local organs the illusion of free will, then the criticism that the village institutions are largely artificial loses much of its force.

Moreover, the visitor, making a general, if superficial, survey may find reason to doubt whether the institutions are so artificial as some Dutch writers would suggest. Although in some parts of Madura, and perhaps elsewhere, all the "village registers" are maintained in the headquarters of the sub-district, and the whole village welfare movement may perhaps be justly criticized as an elaborate sham, yet, as one goes from one Regency and Residency to another, one finds the village institutions assuming different shapes, and this lack of uniformity suggests that they are gradually taking root and developing organically. These signs of natural growth are the more striking when one recalls that the whole movement is barely a generation old, and pauses to reflect that within this brief period the villages could not be expected to produce men competent to manage unaided their treasuries and banks.

The local variations in the development of village institutions are largely due to the natural diversity of interest among the Regents; a Regent who believes in village education will encourage village schools, another will encourage village banks and so on. But that is an improvement on earlier days when progress in any direction depended solely on the wishes of the Assistant Resident or Controleur for the time being; for the European official is a mere bird of passage, and whatever he attempts is likely to be neglected or undone by a successor with different interests. The Regent is in charge of his township for a lifetime and long enough therefore to do lasting work. Moreover, the European, who would introduce Western ideas and Western methods, must do so along Western lines; but the Regent, who has learned Dutch, English, French and perhaps German at school and who may also have been to Europe, though inoculated with Western ideas, still remains an Oriental and is better able to interpret Western ideas to oriental peoples. Left

to himself in a remote regency, he might perhaps be inclined to go to sleep; but the Volksraad, which numbers many Regents among its members, has shown a keen interest in the encouragement of rural progress, and should promote emulation among the Regents. Moreover, the lack of continuity among European officials, which dooms to failure any direct attempt by them to improve rural life, becomes an advantage when their function is rather to advise and help the Regent, because frequent transfers among European officials keep the Regent in touch with a rapid succession of different points of view. Doubtless the Ethical movement as originally conceived was open to the criticism urged against it, that it was Capitalism dressed up like Christianity; social reformers are usually charged with hypocrisy by critics. Raffles was regarded as a hypocrite by Van den Bosch; Van den Bosch was painted in similar colours by the Liberal historian, Van Soest; the Liberals entered "love for the Javanese" in their published accounts, but did not let it touch their pockets; and when the Ethical leaders hauled down the Jolly Roger and hoisted the Cross, they did not change the sailing orders.[19] The whole history of the social and economic development of Netherlands India may be regarded as illustrating the theme that economic motives dominate colonial policy, and that any colonial policy in application is effective only in so far as economic circumstances are favourable. This is true of the Ethical movement as of earlier reforms, but one need not therefore suspect the good will of those who guided policy. At the beginning of the Ethical movement a generous enthusiasm for the welfare of the people provided much of the motive power, and those who were most enthusiastic and optimistic are now among the disillusioned pessimists. But an observer, who has escaped the infection both of enthusiasm and pessimism, may suggest that only now is the welfare movement beginning to take a practical form and bear its proper fruit. At the outset Dutch officials hoped, as social engineers, to build up a new world in the East by Western methods and democratic machinery. But one cannot build Utopia by mass production. Now they look rather to the co-operation of the Regent, the natural leader of the people. The movement may shed some of the democratic machinery with which it has been cumbered,

and become aristocratic rather than democratic or, if democratic, of a more oriental tinge; then, given time, the combination of Regent and European, but with the European as the Younger and not the Elder Brother, may yet prove an instrument of social progress as effective as it was formerly in economic progress.

8. *Welfare Surveys.*[20] The primary object of the Ethical policy was to raise the standard of welfare among the people of India. By 1900 much light had been thrown on social and political conditions by the Enquiries into Tenures and into the Pressure of Compulsory Services, but nothing was known about economic conditions except that they were believed to be unsatisfactory. The first attempt at an economic survey was undertaken by Van Deventer at the instance of Idenburg; but his Report (*Overzicht*), submitted in 1904, was mainly based on figures in the *Jaarcijfers* which "so far as they were not out of date were usually invented by an apprentice clerk".[21] When this was published the first official enquiry into economic conditions was already under way. The Commission, for enquiring into "the causes of diminishing welfare in Java", promised in the Queen's Speech of 1901, was constituted in 1902 under the chairmanship of a senior Resident, H. E. Steinmetz, noted for his sympathy with the people. It aimed at a complete survey of native life: food, land-tenure, methods of cultivation, irrigation and indebtedness; the state of the fisheries, and of industry and commerce; and the influence of European enterprise and of Foreign Orientals on native life and welfare. In May 1904 a bulky questionnaire "of 56 folio pages with 700 complicated questions" was distributed over the country for officials and others to answer in their spare time. As often happens in similar enquiries in British India, the people consulted could do little more than furnish hurried impressions on matters which very often had not previously engaged their particular attention. Though the enquiries were completed within one year, the process of digestion dragged on for nearly ten years, and the Reports were published piecemeal between 1905 and 1914 in 14 large folios, with numerous appendices, making 33 volumes in all. In 1914 the Committee was dissolved; but two more volumes, an Alphabetical Index and a Compendium, were born to it posthumously in 1920.

When it became clear in 1905 that the publication of the final results would take much longer than anticipated, C. J. Hasselman, who had made his mark by his conduct of the Enquiry into Village Services, was placed on special duty to compile an interim summary, but even this could not appear until 1914. In this Report[22] he emphasized the diversity of conditions in Java, and the defects of the methods of investigation. Java, he said, from an economic standpoint, is a pattern book of miscellaneous samples, and the collection of personal opinions from a host of Europeans and Natives, differing widely in upbringing and temperament, necessarily gave a pattern book of miscellaneous impressions, often contradictory. Out of this "stewpot of surmise" (*brouwketel van opvattingen*) he attempted to distil a common element and, where this was impossible, he stated, without reconciling, the different points of view. Thus he achieved his results mainly by a process of counting heads—so many say one thing, so many say the opposite—and his summary is colourless and unconvincing; but it contains much useful information, and everywhere he gives detailed references to the often valuable material which he took eight years in reading, and which others with less time at their disposal may have occasion to consult.

The picture which he drew was on the whole encouraging, and he found that, at least since 1905, welfare had been increasing and not diminishing. But out of the "stewpot of surmise" everyone could choose morsels to his taste, and Van Kol continued to talk of "a desolated colony" and of "emaciated provinces". The sudden rise in the price of paddy after the War, and the rapid growth of Government expenditure, and therefore of taxation, led to renewed complaints about diminishing welfare, and a Civil Servant, Dr Huender, attempted to bring Van Deventer's Survey up-to-date.[23] His work, however, was unofficial, and the critics of Government continued to press for an enquiry similar to that conducted by the Diminishing Welfare Committee. The post-war enhancement of taxation took effect just when people were beginning to feel the post-war depression; many district officials were uneasy about the pressure of taxation, and the Dutch Socialist, Albarda, found much support in the Volksraad for his contention that "the standard

of living was falling, and millions were in a pitiable condition and not infrequently in want of food". Van Kol supported him in Europe, and at length, with some reluctance, Government agreed in 1924 to the holding of an Enquiry, which should differ, however, from that of the Diminishing Welfare Committee in two respects; it was to extend to the whole of India instead of only to Java, and it was to be based on statistics rather than on local investigations. The Report,[24] published in 1926, comprises two parts; one surveying "Welfare Factors" such as population, agricultural and industrial production, commerce and the rate of wages; and the other surveying "Welfare Indicators", such as the progress of communications, of State money-lending, the consumption of salt and opium, the progress of literacy and the prevalence of crime. Separate enquiries were made into the pressure of taxation. In Java the enquiry into taxation was conducted by Drs Meijer Ranneft and Huender, and their Report, comprehensive but concise, has deservedly achieved classic rank among the State documents of Netherlands India. The results of similar enquiries in the Outer Provinces were published in a series of Reports between 1928 and 1930.[25]

These enquiries by *ad hoc* Committees, however, were better suited for ascertaining defects than for providing remedies, and in 1927 a permanent Committee was appointed to collect data bearing on the welfare of the native population; this is generally distinguished from its famous predecessor as the "Little Welfare Committee". Subsequently the depression of 1929, affecting the country as a whole and not merely the native population, led in 1931 to the appointment of a special Committee of Advice on Economic Affairs.

Statistics.[26] These various enquiries drew attention to the deficiencies of the statistics which had formerly been thought adequate. Although in this matter, as in so many others, Daendels and Raffles led the way, there was little attempt to follow their example. From 1825 onwards Annual Returns of Shipping and Trade were published, but until 1846 these related solely to Java and Madura. From that year Returns were published separately for the Outer Provinces and, although the Returns were amalgamated in 1874, they were again separated in 1907.

Van den Bosch projected an economic survey of Java, but nothing seems to have come of it. In 1839, however, the Government took over a private survey of land in towns, and from 1846 a Bureau of Statistics was constituted to prepare a statistical survey. In 1851 an experimental survey of the cultivated area in Cheribon was regarded as sufficiently successful to justify the formation of a Statistical Survey in 1864, and in the same year the General Secretariat was strengthened by a Statistical Department. The figures which were published, however, were thought to be misleading, and the Statistical Survey and the Statistical Department were closed down in 1879 and 1884 respectively.

The Liberal demand for light on colonial affairs led in 1840 to the publication of accounts (p. 152) and in 1851 to the annual Colonial Report; from 1851 "the Colonial Report remained, with few exceptions, the only official publication which bore, in its Appendices, a generally statistical character; but this was a mere by-product of the activities of various officials". It was on these figures, out of date and in some measure fictitious, that Van Deventer had to rely for his Survey.

The Diminishing Welfare Enquiry showed the need for trustworthy statistics, and in 1920, a Statistical Office was attached to the Department of Agriculture; in 1924 this took over the Customs Statistics and became the Central Office of Statistics. In 1922 the compilation of the Jaarcijfers was transferred from Holland to India, where it was published as the *Statistisch Jaaroverzicht* (Vol. ii of the *Indisch Verslag*), and the Statistics Bureau took over successively the education and crime statistics, and opened branches to deal with price indexes, the cost of living and conjuncture statistics. Thus the position now is very different from that of 1900. The gradual centralization of statistical work has made it possible to introduce scientific methods, and to survey a far more extensive field; yet even now, as we shall see, the very elaborate statistics are still inadequate for gauging social progress in a plural society.

9. *Native Welfare.*[27] To give a brief summary of the outstanding results of these welfare surveys is difficult but must be attempted. Van Deventer presented a very gloomy picture of conditions in 1900. As already noticed, he estimated the normal

income of a family in cash and produce at f. 80 of which f. 16 was taken by the State in cash and labour, and the cash income at f. 39 of which f. 9 was taken in taxes; and he found support for his preconceived opinion that the growth of the population had far outstripped their resources in food and cattle. Hasselman, reviewing the position during the period of rapid economic progress between 1905 and 1914, was far more optimistic. The people had as a rule two meals a day in which rice, alone or mixed with maize or tapioca, was supplemented by fish or flesh and condiments, and the consumption of fish and flesh was increasing. In housing the use of durable materials, such as brick and galvanized iron, was making headway. Agricultural debt did not seem to be serious and, even in West Java, where land was sometimes taken over for debt, there were only some forty landowners with as much as 75 acres each. The influence of Foreign Orientals, mainly Chinese, was detrimental. As moneylenders, although debarred by law from holding land, they managed to get the cultivators in their power, and encouraged opium-smoking and gambling; and as middlemen they shut off the native from industry and commerce, and restricted him to agriculture. The European community exercised a mixed influence for good and ill. The missionaries hardly touched native life because in 69 out of the 76 Regencies they were unrepresented, or had only just started work; and it was therefore in agricultural enterprise that Europeans chiefly came into contact with the people. The plantations restricted the area available for native cultivation, encroached on the water-supply, and aggravated the burden of police and other services; also foreign competition was gradually undermining native industry. On the other hand European enterprise promoted the improvement of irrigation, opened up better markets, introduced a money economy, provided employment and gave out cash advances on easy terms. But the wages of hands in the sugar factories had dropped from 30–35 cents a day in 1880 to 20–35 cents a day in 1905, and of coolies employed in planting from 20–50 to 20–40 cents, and the usual wage of a coolie in industry was 20 cents a day, half in cash and half in food. Of recent years, however, wages had shown a tendency to rise.

Huender, examining the position during the post-war slump,

used the material provided by the Diminishing Welfare Enquiry and other recent data to bring the survey of Van Deventer up to date. He calculated the normal income at f. 161 in produce and money, and the cash income at f. 55, and he estimated that taxation took the equivalent of f. 22·50, of which f. 13·50 was paid in cash. Taking into account the reduction in the proportion of the people dependent on agriculture, the extension of cultivation appeared satisfactory, though the average yield, except on the best irrigated land, had possibly declined. It was doubtful whether the stock of cattle had kept pace with the growth of population, and over large tracts it showed a relative decline. His general conclusion was that the economic position of the landowner was little, if at all, better than at the time of Van Deventer's Survey and possibly less favourable, but that the position of the labourer had probably improved. The Natives, however, had made no appreciable advance in industry, commerce, or shipping, and there had been no emergence of an Indonesian middle-class. European enterprise was helpful to the people by paying out wages, but these were minimal and in general regrettably low, and any apparent rise had been more than counterbalanced by the enhanced cost of living; moreover the flow of profits to Europe prevented the growth of local capital. Taxation was as heavy as the people could bear, and little if at all lighter than at the beginning of the century, yet the revenue from native taxation had not risen proportionally to the population, and therefore showed a real decline.

In 1920 Huender was attempting a comparison with conditions in 1904, at the beginning of the Welfare movement; the Economic Enquiry of 1924 based its comparisons on 1913, when the Welfare movement had been in progress for some years.

This enquiry showed that, according to the agricultural statistics, not very trustworthy for the earlier years, there had been a considerable increase in the area under rice. There was therefore an increase in the volume of production and, owing to the rise of prices, there was apparently a large increase in the value of the produce. But a correction of the prices by index numbers (taking 1913 = 100) showed that in fact there had been a drop in the output per head. Similarly, although the quantity of food eaten had risen, this was partly due to the replacement

Value of Agricultural Produce per head, 1913–24. (*Corrected by index nos.* 1913 = 100)

Year	1913	1924
Food crops	f. 14·98	f. 14·09
Trade crops	f. 4·41	f. 3·95
Total	f. 19·39	f. 18·04

Food Consumption per head, 1913–24, *in pikols*

Year	1913	1924
Rice	1.65	1·56
Other crops	2·19	3·90
Total	3.84	5·46

of rice by a less nutritious diet. On the other hand, a rise in the sale of salt for pickling, from some 9000 pikol in 1913 to over 30,000 pikol in 1924, indicated an increase in the consumption of fish. Native industry, however, seemed to have no future, and in commerce the Native had made little or no progress. The number employed as wage-earners had grown, and wages had risen—during the busy season for sugar over 90 per cent. of the male hands could earn upwards of 37½ cents a day—but the rise had not kept pace with the cost of living. The general conclusion was that the economic situation of the vast bulk of the people showed little change since 1913, but that the educated classes were less well off.

The Report on the Enquiry of 1926 into the pressure of taxation among the Natives in Java suggested two reasons for their unfavourable position. In 1923 Java was receiving in imports little more than two-thirds of what it received in 1913, but giving nearly twice as much. One reason for this disturbance

The Balance of Trade in Private Merchandise in Java (mil. f. 1913 = 100)

Year	Value of		Balance
	Imports	Exports	
1913	300	317	− 17
1923	221	616	−395

of the balance of the trade was the profit on capital invested in Java shortly before the War. The other reason was that organized labour in Europe, bent on consolidating the position it had gained during the War, forced employers to keep up prices,

and led them to recoup themselves at the expense of unorganized labour in the tropics. An analysis of the family incomes showed that very few had f. 300 a year or more, and a comparison of the total income of the native population before and after the War showed that it had failed to keep pace with the growth of population. One outcome of the Enquiry was the abolition of

Agricultural Incomes, 1926

Class	Per cent. of people	Income (f.)
Landholders:		
Wealthy	2·5	1090·49
Ordinary	19·8	299·83
Poor	27·1	147·65
Tenants	3·4	118·75
Agric. labourers	12·4	101·36
General coolies	19·6	120·32

Meijer Ranneft, *Belastingdruk*, p. 10.

the Capitation Tax. This had been substituted for compulsory service on the theory that the abolition of compulsory labour would set the people free to earn wages that would enable them to pay equivalent taxation in cash; and the fact that they could not afford to pay this tax suggested that the abolition of compulsory services had not led to any notable improvement in their economic position.

It might be expected that this succession of enquiries, supplemented by the statistical material now available, would suffice for a confident decision regarding the progress of welfare during the present century. But, in the nature of things, "welfare is the ability to satisfy the wants of which one is conscious" and, therefore, the idea of welfare contains a subjective element, which cannot be measured by statistics. Moreover, the abundant statistics consist largely of data compiled for departmental purposes and of little use for the measurement of welfare; especially for measuring the welfare of a single element in a plural society, as many of the figures as published cannot be differentiated by races. Also, the ways of life and standards of living differ so largely in East and West that statistics which measure welfare in the West are useless as a criterion of welfare in the East.

The welfare surveys, so far as they go, suggest that there has been little progress in the economic position of the people since 1913, and, according to Dr Huender, it would seem doubtful whether in 1920 there had been any notable improvement since 1900. If, however, we look back on the figures for imports given on p. 339 we find that between 1900 and 1913 there was a quite astounding increase in the imports of rice and cotton goods, both of which are mainly for native consumption, but after 1913 the imports remained stationary, despite the increase of population. The figures for imports of goods consumed by the Natives tend therefore to confirm the general result of the welfare surveys, that, despite all that had been attempted for the well-being of the people they were rather worse off in 1930 than in 1913. During the early years of the Ethical movement, coinciding with an era of economic progress, the condition of the people improved; just as it improved with the triumph of Liberalism in 1870 coinciding with the opening of the Suez Canal; and as it improved with the dawn of Liberalism in 1850, and with the introduction of the Culture System in 1830. But in the present century, as on earlier occasions, the people failed to make good the ground which they had gained, and progress was followed by stagnation or retrogression. Idenburg diagnosed the excessive native population as the root cause of poverty in Java, but it grew from 28·3 million in 1900 to 40 million in 1930, and welfare measures seem to have done little more than make provision for the hungry generation of new life. At the present time Java, taken as a whole, ranks among the most crowded agricultural regions of the world, and in the Native States there are over 900 people to the square kilometre.

Value of Imports of Rice and Cotton, 1900–25 (f. mil.)

Year	Rice and paddy	Cotton goods
1900	17·5	35·7
1905	23·9	44·7
1910	70·8	57·3
1913	55·7	96·2
1925	46·5	99·8

Figures of 1925 corrected by index nos., taking 1913 = 100.

The visitor to Java, then, who has studied these surveys and the statistics of population may well expect to find that the references by Van Kol and others to "emaciated provinces" were not mere rhetoric, and if he should light at once in the neighbourhood of Solo, where the whole country-side is closely

packed with melancholy-looking peasants whose dingy blue garments might have been stripped from a dead Chinaman, the teeming population has a depressing aspect. But it is probable that the country, taken as a whole, will give him an agreeable surprise. Hardly a beggar can be seen throughout the island. The clothing, even in mid-Java, though sombre in colour, monotonously blue, relieved occasionally with brown, is at least more ample than in the south of British India, and the Sundanese villagers are almost as gaily clad as those of Burma. For mile after mile he passes through a country-side presenting a riot of fertility. The feature, however, which will probably impress him most strongly as a sign of wealth is the general use of red tiles for roofing; over a large part of West Java the proportion of tiled houses is more than 80 per cent., and in some places almost every house has a tiled roof. This impression is strengthened by the general neatness of the houses and compounds. Moreover, in the smaller towns one may find European tables and chairs even in the poorest cottage. The bazaars also are filled with the comforts and luxuries of oriental life, and the pawnshops are well stocked with a variety of goods—in the East, this is a sign of wealth not of poverty, and one notices especially the number of bicycles pawned by natives for safe custody during the rains. There are not so many shops with a profuse display of petty superfluities as in a small town in Lower Burma; shops with glass and china ware, lamps, clocks and thermos flasks are not so numerous; there are fewer goldsmiths, dyers and barber's shops, nor does every little town have its picture house and billiard saloon; people seem to have less money to throw away in Java than in the fertile rice-plains of Lower Burma. And although the people appear comfortably prosperous, the appearance is to some extent misleading; the comparative scarcity of beggars is largely due to the suppression of beggary by the Government, and the number of tiled houses similarly due to "gentle pressure" exercised by officials in the belief that such houses are more healthy; yet the standard of comfort is probably at least as high as it is in Burma outside the rice-plains. But Burma, in comparison, is thinly peopled, and is regarded as more prosperous than most parts of British India. If then, as it would seem, Java, with a denser population than

Bengal or Madras, has a standard of general comfort at least as high as that of Upper Burma, the Ethical movement, so far as it has contributed to this result, cannot be regarded as a total failure.

The Dutch themselves, however, are dissatisfied with what has been achieved. A very interesting, though pessimistic, review of the economic history of Netherlands India has been given by Dr Boeke, formerly Advisor for Co-operative Credit in Java, and now Professor of Tropical Economy in Leiden.[28] Raffles and Muntinghe, he says, thought to improve the condition of the people by encouraging peasant cultivation; Du Bus by encouraging capitalist enterprise; Van den Bosch by encouraging State production; then the Liberals looked to freedom of enterprise as the key to prosperity and, after a campaign of fifty years, knocked off the last fetters from the cultivator by substituting capitation tax for compulsory services; finally the Ethical movement aimed directly at building up the economic position of the people. Yet the Reports on the Economic Enquiries of 1924 and 1926 lead him to conclude that, despite all this benevolent activity, the cultivator eats rather less well than before the War, and can obtain less in exchange for his surplus produce, while his emancipation from compulsory service has done so little to improve his economic position that he cannot even pay the tax in money which was substituted for compulsory service.

At the beginning of the Ethical movement it was expected that facilities for sound credit would strengthen the cultivator, but speaking as a former Head of the Credit Service, he remarks: "I really cannot assure you that the people are any better off for the millions which they have borrowed from the State Banks." Similarly, he continues, Irrigation, Emigration, Colonization are catchwords that have lost their lustre; other catchwords—the Promotion of Trade Crops, the Improvement of Hygiene, the Relief of Taxation—have their ups and downs in the current of policy, as for example the cry for Industrialization rising and falling with the economic conjuncture. But the only popular response to all these nostrums is an increase in numbers, while foreign capitalists and foreign energy take out of native hands a rapidly increasing share of native activities.

Idenburg in 1902 commanded general assent to his contention that over-population explained Javanese poverty, and it is still a general complaint among European well-wishers of the Javanese that they increase in numbers instead of welfare; thus the Committee of Enquiry into Native Education in 1928 remarked that, despite the large expenditure on extending instruction, the provision of schools failed to keep pace with the growing number of children to be taught, and only by a close analysis of the figures could they derive some comfort from the prospect that the last illiterate child would at length be dragged to school—after 167 years.[29] Again, the Village Regulation of 1906 was inspired by the idea that the building up of the corporate village was the key to welfare, yet Dr Adam in his survey of the results concludes that "deplorably little village autonomy remains". To sum up the general opinion: the natives grow in numbers and the other sections of the community, the European and the Chinese, in wealth. Let us turn then to examine the progress of Europeans and Chinese during the present century.

10. *The European Community: (a) Growth.* The Natives, it is said, grow in numbers, and the Europeans in wealth; this antithesis is not exact, for of late years the European community has been growing numerically much faster than the Native, and this growth in numbers has been accompanied by structural changes in its social and economic constitution.

The numerical growth relative to the native population is shown in the marginal table, but in considering the figures one must bear in mind that in Java in 1850, and in the Outer Provinces even in 1920, the native population was underestimated. Even taking this into account, it seems that, during the last half of the nineteenth century, despite the freedom given to private European enterprise and the increase in European officials with the growing complexity of administration, the European community yet did little more than keep pace with the growth of the native community. Since 1905, however, the Europeans have gone ahead with giant strides.

Europeans per 10,000 *Natives*

Year	Java	O. Pr.
1850	18	?
1905	22	22
1920	38	25
1930	47	27

(*b*) *Social Constitution.* The new European community differs

in racial and social composition from that at the beginning of the century in three ways: it is more European and less Eurasian; it is more foreign and less Dutch; and even the Dutch group has a new character.

From 1900 to 1906 the number of permits for European residence averaged no more than 230 a year, but for 1912–14 the average was 629, and for 1924–27 it rose to 805: the number of civil officers sent out for the period of four years from 1900–3 averaged only 54; a decade later, from 1910–13 the average was 399 and for the following ten years the average was 375. Yet the proportion of Europeans born outside India rose only from 27·3 to 29·3 between 1905 and 1930 and, in respect of males alone, it fell; nevertheless, the sharp increase during the same period of women born outside India, from 11·4 to 23 per cent., together with other changes, such as the improvement of communications, have given this group a wholly new, and far more European character.

One notable feature of the last ten years is the increase in the number of Foreign Europeans, by 78 per cent.; in 1930 one-fifth (22·6 per cent.) of the Europeans born outside India were aliens, and in the chief centres of recent development, Sumatra and Borneo, one-fifth to one-quarter of the whole European population, including Eurasians, were foreigners. In this connection one should notice the rapid increase of the Japanese who, since 1898, have ranked as Europeans and in 1930 out-topped all other European foreigners. This is the more striking because of the small amount of Japanese capital invested in India; with other peoples, capital comes first and immigration follows, but with the Japanese the process is reversed.

Foreign Europeans, 1930

Japanese	7195
Germans	6867
British	2414

Less obvious, but no less important, is the change which has taken place in the social constitution of the Dutch community. In 1900 the leading non-officials were the local managers of the large companies; good, respectable, middle-class people, but not of the same social standing as the aristocratic planters of the previous generation, and inferior, probably, in culture to the Civil Servants, who themselves at that time were not highly educated. But in 1930 the heads of the big firms were merchant princes, closely in touch with high financial politics in Europe,

and able to dispense hospitality on a scale that among officials only the Governor-General could rival. There was a similar extension at the other end of the social scale, and by 1930 many non-officials were technical or manual labourers or shop assistants. In 1900 the European community was detached from native life but had no complete independent life; by 1930 it lived within its own world, with its own cultural interests and with its trades unions and labour politics, alongside, but wholly separate from the native world.

(*c*) *Economic Functions*. The changes in racial and social constitution find a natural reflection in the economic constitution of the community. One notable feature is that whereas foreign capital is mainly invested in exploiting the natural resources of the country, especially oil and rubber, Dutch capital is invested in Government and Municipal loans, and in rails and tramways; in other words, a large proportion of Dutch capital is interested in the permanent welfare of the country, whereas the interests of foreign capital are mainly confined to getting something out of the country. Another feature that deserves attention is the economic progress of the Japanese, despite the comparatively small investments of Japanese capital. By 1930 the Japanese had opened three banks, had secured a footing in the sugar business, were prominent in the sea-fisheries, controlled the native production of quinine, were on their way to capture the whole import of cotton goods, and practically monopolized the overseas trade with Japan. But their most significant activity was in retail trade. The retail trade had in general been left to the Chinese, who employed Chinese assistants, so that, despite the multiplication of commercial schools, the Natives were in effect excluded from the sphere of retail commerce, and had little chance therefore to develop commercial activities of a wholesale nature. The problem of giving Natives a chance in trade seemed insoluble, but the Japanese found a solution. In 1930, out of 1899 "Europeans" engaged in retail trade, over 60 per cent. were Japanese. Most, probably, of these are managers of cheap miscellaneous stores employing native lads as their assistants, and it deserves passing mention that in these stores, contrary to oriental practice, fixed prices obtain. The monopoly of retail trade by the Chinese, with the corollary of the exclusion both of Europeans and Natives, has grown up

gradually during the three hundred years of Dutch rule; but since 1900, with the growth of nationalist sentiment, it has been increasingly deprecated as shutting off the Natives from stimulating contact with the outside world, and, if the Japanese had been aiming deliberately to undermine the economic structure of society in India, they could not well have found a weaker point.

The changes in economic constitution find expression also within the Dutch community, with the result that the Dutch, both officials and non-officials, have far less contact with the Natives than in former years. In 1900 the typical non-official was the sugar-planter, living up-country and cultivating village land with village labour. The planters of the newer crops, the "hill cultures", employ local labour, but grow their crops on waste land and not on village land; Java tobacco is grown with free labour secured by advances; rubber is bought in the open market from the native cultivators; in the cultivation of Deli tobacco in Sumatra everything is imported but the land; and mineral production, especially the production of petroleum, is merely a foreign enclave in the social order, contributing nothing to social life beyond its share in taxation. Thus, in material production, European intervention shows a regular gradation; and it is just those branches in which Europeans have least contact with the Natives that have come into prominence during the present century. Again, in the older occupations, the civil and local services, the rail- and tramways, posts and telegraphs, there is still a large proportion of locally born whose work lies mostly up-country; but in the mercantile offices, which have grown so largely during recent years, the majority of those employed are people from Europe who pass their life in India in the towns. This shifting of the centre of gravity in non-official life among the Dutch appears very clearly in the latest census returns.

European Employees in the Principal Occupations, showing those born (a) in India, and (b) elsewhere

	(a)	(b)		(a)	(b)
Civil Service	5611	2608	New crops	2483	4721
Local Service	1399	621	Coal, tin, etc.	541	718
Rail and tramways	4221	825	Petroleum	953	2204
Posts and telegraphs	1930	540	Wholesale trade	1762	2665
Sugar estates	3192	1636	Retail trade	441	1432

These figures show clearly that, although those people who, as India-born, should know the country best still predominate in Government service, sugar plantations and other occupations where they live up-country and have dealings with the people, the foreign-born, who know the people least, predominate in towns and occupations where they see but little of the people. Among officials likewise there has been a vast development of the specialist services, where a knowledge of one's job is more important than a knowledge of the country.

Facts such as these present an enlightening commentary on the aspirations of Van Deventer and others at the beginning of the century for the unification of colonial society. International capital engaged mainly in the exploitation of material resources is far less sensitive to native aspirations, and less interested in permanent welfare, than Dutch capital invested in public funds, or in communications, or in old-established sugar factories; and the polyglot crowd of Europeans, congregated in the towns, is far more remote from the people than the Dutch of 1900. And the new colonial lives more in Europe and carries his European culture with him to a much greater extent than his predecessor of a bygone generation. "The gulf between this group and the native population has become both socially and economically much wider."[30] So far as the European is concerned the passage of time has emphasized and not diminished the plural character of the social order. We shall see that this is true also with regard to the Chinese.

11. *The Chinese Community*.[31] (*a*) *Growth.* The Chinese, like the Europeans, have grown rapidly in number during recent

Growth of Chinese Population (*Census*, 1930, vii. 48)

Year	(*a*) Java and Madura			(*b*) Netherlands India			Annual increase per cent.	
	Male	Female	Total	Male	Female	Total		
							(*a*)	(*b*)
1860			149,424			221,438	—	—
1880	110,002	96,929	206,931	212,213	131,580	343,793	1·6	2·2
1890	132,375	109,736	242,111	308,693	152,396	461,089	1·6	3·0
1900	149,774	127,491	277,265	347,004	190,312	537,316	1·4	1·5
1905	157,870	137,323	295,193	369,130	194,319	563,449	1·3	1·0
1920	209,103	174,511	383,614	517,747	291,292	809,039	1·8	2·4
1930	319,931	262,500	582,431	748,997	484,217	1,233,214	4·3	4·3

years, and in this community also the social constitution and economic functions have been transformed. The numerical growth is shown in the preceding table.

The growth relative to the native population is shown in the margin, but it must be noted, as with the corresponding table for Europeans, that the Natives in the Outer Provinces were underestimated in 1905.

Chinese per 10,000 *Natives*

Year	Java	O. Pr.
1905	99	367
1920	111	307
1930	145	356

(*b*) *Social Constitution.* The people grouped together in these tables as Chinese are no more homogeneous than the Europeans; just as among the Europeans there are Dutch, English, German, American, French and Japanese, so among the Chinese there are Hok-Kien, Hak-Ka, Tio-Chu and Kwong-Fu, who come from different parts of China and often cannot converse except through an interpreter. In at least one important matter the Chinese are less homogeneous than Europeans; for practically all Europeans are interested in capitalist production, whereas the Hok-Kien and Hak-Kah are chiefly merchants, the Kwong-Fu craftsmen and the Tio-Chu agriculturists. The Chinese community resembles the European community further in comprising two classes, the *blijvers* and *trekkers*, the permanent residents and temporary immigrants. The large class of temporary immigrants comprises those who work as coolies in the mines and the estates. These rarely settle down, for repatriation is one of the conditions on which they are imported. But many of the temporary immigrants who find work in the more specifically "Chinese" occupations prosper and take root in India.

This diversity of races and occupations characterized the Chinese community at the beginning of the century as now; but there have been changes in its social constitution comparable with those which have taken place in the European community. Chief among these changes within the community is the decline in the number of Chinese imported as coolies, which has been brought about by the mechanization of industry and by the substitution of Javanese coolies; while, according to the Report on the latest Census, the number of immigrants working in Chinese occupations may have increased.

The changes within the community, however, are less important than the changes affecting the community as a whole. In 1900 the Chinese were wealthy and powerful, but they were inferior in status, confined to their ghettos, ignorant of European languages and often illiterate in their own; and, as we shall see when touching on their economic functions, activities from which they gained their wealth were parasitic rather than constructive. It was thought unquestionable that they exercised a pernicious influence over the Natives, and only the cynical suggested that the righteous indignation of Europeans against the exploitation of the Natives by Chinamen might be explained by the diversion of profits from the Europeans to the Chinese middleman. The present position of the Chinese is very different. We have noted the liberation of the Chinese from their ghettos, the gradual abolition of the Pass System, the recognition of Dutch-Chinese schools, and the improvements in their legal status. These changes have given the Chinese new opportunities which they have turned to good account. The Chinese have always been wealthy in comparison with the Natives, and even in comparison with most Europeans. For in the accumulation of wealth there is a marked difference between the Chinese and European communities; the Chinese far more often become permanent residents, so that their wealth passes on from one generation to the next and the wealthiest Chinese are richer than the wealthiest Europeans. That, however, has always been the case, since the days of Raffles and earlier; indeed, the difference is now less marked than formerly for the European companies are permanent institutions, even though each succeeding generation of their servants in the East returns to Europe. What is, however, a new feature of the present century is the use to which they put their wealth. Now they are intimately associated with capitalist production, and this has brought them into close alliance with the European community. This new combination of Chinese and European interests, together with improvements in the schools and the changes in the legal status of the Chinese, has given the Chinese community an increase of power greater even than in proportion to its growth in numbers.

And the new Chinese community is more Chinese, just as the European community is now more European. "National

aspirations and the improvement in the means of communication have strengthened the ties between the Chinese and their home country."[32] The Chinaman of 1900, if he had received any kind of education, had usually been to a Dutch or Native school; now he has been to a Chinese school under Chinese masters with a strong tradition of Chinese culture, and reads Chinese periodicals which keep him in touch with his fellows in Singapore and China. With the Chinese as with the European, the plural character of society is not less but more pronounced than in 1900.

The improvement in the position of the Chinese is partly due to the Adviser on Chinese Affairs who, appointed originally as a watch-dog against Chinese aggression, has come to function rather as a Protector of the Chinese. But it is due still more to the racial solidarity of the Chinese and their capacity for combining in defence of their interests. It was by common action that they enforced their claim to the privilege of Dutch-Chinese schools and other concessions from the Government. And this capacity for combination has been no less conspicuous in the economic sphere; as when the Chinese in some of the Outer Provinces levied an unofficial import duty in support of the local Chinese school, and boycotted the European firms which objected to this arbitrary sur-tax. Yet neither the assistance rendered by the Adviser for Chinese Affairs nor the Chinese power of combination would have achieved much had it not been for the keen spirit of economic enterprise which helps the Chinese to surmount all obstacles.

(*c*) *Economic Functions.* It has been said that "the Chinaman has taken on himself whatever the European and Native cannot or, for any reason, does not do";[33] but it would be more correct to say that the European and Native are left to do what the Chinese cannot do, for if the Chinaman can do anything he does it, provided that it offers a speculative profit. The Chinese immigrant, living with a crowd of his fellows in a barrack, keeps strong and cheerful on a handful of rice and tapioca a day, made palatable with fish sauce that costs him a cent for a whole week. He peddles goods on credit, lends out his profits, and before long may be a petty capitalist with thousands out on loan at 12 per cent., and with the local native officials among his clients.

The latest Census gives a useful summary of Chinese activities. The main Chinese occupation is commerce, which accounted for over one-third (36·6 per cent.) of working Chinese in the latest Census; nearly one-fifth, however, are engaged in industry, mainly as small craftsmen; and the rest are distributed between gardening, agriculture, and coolie labour on the plantations and in the mines. The large proportion engaged in commerce indicates the importance of the Chinese in linking up the small producer and petty consumer up-country with the world market for their produce and requirements; but they have always been prominent as craftsmen, notably as carpenters, shoe-makers, tailors, bakers and washermen. Recently, with the great development of European trade and banking, they have found employment as clerks in European firms and assistants in European shops; and of late years they have become more prominent in professional work as teachers, dentists and doctors, in mineral extraction they have gradually been taking to more scientific methods, while in journalism they have attained so strong a position that they have a large share in the control of the native Press. As the above figures indicate, they are stronger in the Outer Provinces than in Java; in some of the islands there are distinct groups engaged in fishing, in other localities they have settled down to agriculture, in parts of Borneo they are so numerous that Chinese is the usual medium of intercourse, and some small islands are practically Chinese settlements.

Some of these activities are new and others of long standing; in all, or most of them, the Chinese have made headway during the present century, but the development of outstanding significance is, from parasitism to construction. In 1900 the bulk of Chinese wealth came from opium-shops, pawnshops and usury. As opium vendors they had a monopoly of dealing in a deleterious drug and were in a position, of which they took full advantage, to spread the opium habit; as pawnbrokers they fixed their terms for loans with reference to the need of the borrower rather than to the value of the pledge he offered, and the pawnshops were often illicit opium dens; as money-lenders they aimed to get the native officials in their power and used their power to oppress the cultivators. Even those whose ostensible occupation was commerce derived much of their profit from

money-lending, and the importers of cloth for *batik* work held the craftsmen in a state resembling bondage. In all their activities, the position of the Chinese as members of an alien but old-established community, largely self-governing and closely knit together by secret societies, enabled them to disregard regulations intended to protect the Natives against their rapacity. It was largely with a view to curbing their influence that Government took over opium and pawnbroking as State monopolies, and developed State money-lending. One outcome of this policy was unexpected. For the intervention of Government in these lines set free a large amount of Chinese capital to seek for other means of profit. They were already interested in a comparatively small way as merchants in sugar and timber; now they began to develop these interests on a larger scale, and created some apprehension by their purchases of the large private estates (*particuliere landerijen*). In 1915, however, it was still possible to describe them as investing their capital mainly in sugar, timber and land speculation.[34] Since the War, however, and especially of late years they have sought new fields; they have built up a strong banking connection, and have led the way in the development of local industry, so that their contribution to economic life is no longer merely parasitic but constructive.

Nevertheless, they still form a sectional isolated community competing on rigidly economic lines with the European and Native sections. As we have seen there is great diversity of race and occupation among the Chinese; but, despite this diversity, the Chinese, taken all together, form one section in a plural community, with interests common to some extent among themselves and in many ways opposed to the interest of other sections. It is true that, as middlemen, they serve both Europeans and Natives; but they also compete with them, and on advantageous terms. We have just noticed that in some places they have been strong enough to tax European firms for the benefit of Chinese schools; they can handle goods which allow too small a margin of profit for Europeans, and can undertake more risky ventures (because the penalties of bankruptcy are lighter with a Chinaman than with an European), thus sharpening the edge of economic competition and tending to lower the standard of commercial

morality; again, it was the Chinese who broke the European ring against Japanese imports. However, Europeans can still hold their own against Chinese competitors, because they are better equipped in commercial, scientific and industrial technique; moreover, the greater organizing power of Europeans enables them to build up firms which grow stronger with the passing years, whereas a Chinese business usually collapses when its founder dies. Although, with fuller experience and better education, the Chinese are acquiring those qualities in virtue of which Europeans hitherto have held their ground, yet the Japanese problem is so far more urgent that the Chinese problem, which engaged so much attention throughout the nineteenth century and until quite recently, is no longer agitated. Against native progress, on the other hand, they form a solid block. Natives cannot find employment in a Chinese shop or other business, and the attempts of Natives to develop industrial activities are strangled by Chinese competition; it was the Natives who first started kapok factories, but within a few years they were ousted by the Chinese; again, when the Natives built up a new industry in the manufacture of native cigarettes, there was a long struggle before they could secure their ground against Chinese rivals who imitated their methods.

In the economic sphere, then, the Chinese are encroaching on the European world, and they are building an ever more formidable barrier against native aspirations. Yet the cultural contact between the sections is no closer than before and Nationalist sentiment is widening the gap; while the conflict of economic interest places an increasing strain on the plural society to which they all belong.

Moreover, it must not be forgotten that the Chinese, although by far the strongest, is not the only class among Foreign Orientals, and of these it may be noted that, according to the latest Census, "just as is the case with the Chinese, it is anticipated that the near future will bring with it a considerably larger increase in the Arabic population". Not merely, then, is the community of Foreign Orientals increasing in wealth and numbers, but even within this community the plural character tends to become more emphasized.

12. *Cultural Progress*:[35] (*a*) *European.* It is not strange that the progress of the European element in numbers and wealth, and the fact that they are congregated in the towns instead of being widely distributed over the interior, have led to new developments of cultural interests. As mentioned above, in 1900 the European section was detached from native life; now it has its own world.

Chailley-Bert described the Dutch in Java as culturally dead;[36] he found them reading much, but merely as a pastime and not as a mental stimulus. All this is changed, except that they are still great readers, omnivorous, multilingual. In the Club in Batavia one sees rows of long tables closely spread with periodicals, not in Dutch only but in English, French and German; all together they must run into hundreds—in English alone one can read ten or more periodicals from England, as well as the *Straits Times* and the *North China Herald.* On arrival at a railway station one is greeted with an invitation to join the local Literary Society and probably notices an advertisement of the Culture Circle (*kunstkring*). The official Almanac contains a list of 29 cultural societies in addition to the *kunstkringen*, and 72 economic societies; many or most of these publish magazines and hold discussions. In private houses, and even in public offices, one sees costly reproductions of good pictures; the railway stations, with posters depicting places of interest over the whole world from the far East to the far West, are like small picture galleries; everywhere there is abundant evidence of a lively interest in travel, art, culture and affairs.

This is all quite new. At the beginning of the century there were only eight daily papers in Java, and very little beyond that. It is true that ambitious officers had long made a practice of contributing studies on matters of professional interest to local publications; so far back as the 'sixties, the Civil Service, the Army and the Law had their own periodicals; the planters had their monthly, *Teysmannia*; the missionaries published *De Opwekker*; and the Royal Batavian Society produced its Journal at irregular intervals: in Europe, the Indisch Genootschap published its Proceedings; the *Tijdschrift van N.-I.*, founded by Van Hoëvell, still survived; the export interest produced

De Indisch Mercuur; and that is practically a complete list of the periodicals in or relating to India in 1900.

The Ethical movement started a new era in intellectual progress, because it made people realize that in India no less than in Europe the process of social and economic development offers problems of great interest, requiring intelligent study on broad lines. In 1906 the *Tijdschrift van N.-I.* was taken over as *De Indische Gids*; in 1911 the Civil Service periodical was reorganized as the *Koloniaal Tijdschrift*, and in 1916 the Society for the Study of Indian Affairs started *Koloniale Studien*. These made ample provision for the organization of knowledge and thought on Indian affairs in general, and special problems were studied in the organ of the Credit Service, now *Volkscredietwezen*, founded 1912, and of the Local Government Service, *Locale Belangen*, founded 1913. At the same time the newer services were beginning to produce their own periodicals; the Architects founded *Ind. Bouwkundig Tijdschrift* in 1898; the Schoolmasters produced *Het Mulo* (1905), and *De School* (1910); the Forest Service, *Tectona* (1907); the Civil Engineers, *De Waterstaats Ingenieur* (1912); the Mines Service, *De Mijningenieur* (1919) and the Agricultural Service *Landbouw*. Another interesting periodical is *De Antiwoeker*, an unofficial publication of the Credit Service, aiming at the suppression of usury. Private employees were founding trades unions with their own publications: *De Suikerbond*, the organ of the sugar employees, founded in 1906; and *De Planter*, the organ of the tobacco assistants, founded in 1909. Other periodicals established by special interests were *De Bergcultures*, *Landbouw en Veeteelt*, *De Indische Financiën*, etc.; others were founded to promote scientific study, as *De Tropische Natuur*, founded in 1911 for the study of natural history, *Treubia* for biology, and numerous medical and veterinary publications. Again, the system by which officials were encouraged to take their doctorate by the publication of theses, treating administrative problems from an academic standpoint, yielded many valuable contributions to the knowledge of native life.

With the opening of the Volksraad and the growth of party politics, periodical literature took a new turn. In 1916 it was still possible to describe the newspapers as "merely news sheets

and in no way party organs". But in 1919 the Indo-European Association founded a weekly, *Onze Stem*; and the Roman Catholic Association started *Sociaal Leven*; in 1920 the Java Institute for promoting native culture first published its organ *Djawa*. Gradually party politics came more into the foreground, and the growing divergence of European opinion with regard to colonial policy led in 1928 to the appearance of *Nederlandsch Indie*, the organ of the Vaderlandsche Club for preserving the Dutch connection "fast and indissoluble, now and for ever"; this was followed in 1929 by *De Stuw*, which represented the views of those who aimed to promote social and political development.

This attempt to give an outline survey of recent developments in periodical literature will serve at least to show how much the student of Indian affairs can find to enlighten, and to puzzle, him; but the publications just mentioned represent merely a selection of the more notable. Meanwhile, the 8 daily papers of 1900 had grown by 1930 to 35, and there were 54 weeklies and 91 monthly magazines.

These publications deal for the most part with social, economic and political affairs, but a parallel development of wider interests is indicated by the multiplication of *kunstkringen*. This movement began in Batavia in 1901 and spread thence to other centres, so that by 1916 it became possible to form a Union of these Culture Circles, with the general objects of encouraging the decorative arts and stimulating artistic interests; by 1930 the union embraced twenty-six circles, all but two of them in Java, with some 10,000 members. Among their activities is the promotion of concerts by famous musicians, such as Zimbalist, Moskowitch and Mischa Elman, and they hold exhibitions of European pictures; moreover, they also patronize native arts, including music and dancing, and have done something to promote the theatre and the cinema. Also, it goes almost without saying that during the present century there has been a great development of sport, especially football, tennis and swimming.

Thus, with the rapid growth of the European population in the present century, there has been an equally remarkable development of cultural and intellectual interests. Java has always

been the most "European" of tropical dependencies in the East, but only during the last generation has it become possible for Europeans to live there without renouncing European culture. And now that wireless is bringing Netherlands India into closer contact with the world, it is also bringing the European community into closer relations with Europe. The gap between European and Native is not closing but growing wider.

In this development of cultural activities, there is a further point of interest; for the development is significant not merely in itself, but in the manner in which it has been fostered. Take for example the engagement of such noted artists as those mentioned above. If their appearance in Java had been left to the ordinary forces of supply and demand, they would never have appeared. But the Union of Culture Circles organized the social demand which would otherwise have been ineffective, and, by cutting out the impresario, the middleman, it was able to engage world-famous performers on terms which would otherwise have been impossible. In Europe social demand is a reflex of social life; but in abnormal communities, such as the plural societies of tropical dependencies, cultural interests and other social demands are starved, unless deliberately organized.

(*b*) *Chinese.* Among the Chinese community the multiplication of Chinese schools suggests a development of cultural interests not less marked than among Europeans. Some graduates of these schools contribute learned articles to European periodicals, and some write treatises in Dutch that can well stand comparison with the work of their European fellow-subjects; for example, the standard treatise on the Land-Revenue System is by a Chinaman. It might seem then that among the leaders of the Chinese community many are acquiring a European outlook. Not infrequently their writings deal with topics of general interest in India, as if foreshadowing a common life among all sections of the people, transcending sectional limits. But a significantly large proportion of their work bears on Chinese literature and art, suggesting that, while they have borrowed from Europe a new medium of expression and new modes of thought, their cultural life, no less than formerly, is Chinese. This opinion is confirmed by other signs, such as the

growth in number of Chinese newspapers and other publications, and, although an appreciation of cultural progress in the Chinese community would require special study and an intimate acquaintance with their language, we may safely hold, with Dr Meijer Ranneft in the passage already quoted, that during recent years the ties between the Chinese in India and their home country have been strengthened. Now that the Chinese may live where they like, and move about the interior without restriction, they are brought more closely into economic contact with the Natives, but, as with the European community, the gap separating their social life from that of the other sections of the plural society is growing wider.

(*c*) *Native*. The native community likewise shows many signs of cultural progress. Undoubtedly, the growth of cultural interests among Europeans has stimulated similar interests among the Natives, and these new interests have been fostered by Nationalist sentiment. From 1911 onwards Indonesians, like the Chinese, have contributed valuable studies to such publications as *De Indische Gids* and *Koloniale Studien*. For example, in a single number of *De Indische Gids*, for August 1933, one finds instructive contributions by Natives and Chinese on the Land-Revenue System, on Customary Law in Celebes, and on Native Psychopaths. In other periodicals of about the same date there are similar articles, including an account of native silver-work. It is notable that the native aristocracy leads the way in such activities, and that one of the ruling princes, Mangkoe Negoro VII, has published an important study of the Shadow Plays. The writing of theses for the doctorate has also done much to stimulate and display native erudition in European learning. When one considers how recently higher educational facilities have been opened freely to the people one is astounded at their achievements; until one calls to mind that, for over a hundred years, the upper classes have been admitted, even if only in small numbers, to European schools, and have spent much of their school life in Dutch families. The circumstances in which Miss Kartini and her sister stayed with the Abendanons in Batavia in 1900 would have been impossible in British India then if not to-day; but even fifty years earlier one could find Javanese boys at home in Dutch families in Batavia. The

freedom of social relations between the native aristocracy and Europeans, which Money in 1860 noted as so refreshing a contrast with conditions in British India, was an inestimable privilege, and has grown still more valuable during the present century in proportion as European society has developed wider cultural interests. As one notices husband and wife walking side by side, and often hand in hand; or the Moslem women, working as clerks and typists and, with a freedom exceeding even that of Buddhist Burma, bicycling or going about in twos or threes, admiring the goods in the windows of European shops like Englishwomen in Bond Street; or, even in quite small cottages, sees European chairs and tables, it is difficult not to feel that European influences have penetrated among the people far deeper than in British India, and one may well believe that this is especially the case among the upper classes, as might be expected where an educated man is at home in three European languages. Of the Native, as of the European, community, it may be said that Netherlands India, or at least Java, is the most European among tropical dependencies.

How far, then, do these indications of cultural progress along European lines suggest an approximation between the European and Native sections of the community? Superficially regarded, one might take them as vindicating the policy of Unification, the disregard of all racial differences, advocated by Van Deventer and the Liberals; or as illustrating the policy of Association between East and West, urged by Miss Kartini and Snouck Hurgronje. It might be expected that contact with the new European world, and its example, would have redeemed Nationalism from the curse of narrowness. But the European who has "gone native" is often the most bitter against "natives", and so likewise the most European Oriental is often the most anti-European; and, if the native Press may be taken as representative of native thought, cultural progress among the Natives shows a growing bias against the European community and the Dutch Government.

The native Press is itself an outstanding feature of modern cultural progress; for it is a child of the twentieth century.[37] In 1848 Van Hoëvell said "the Javan does not read"; and in 1900 this was still generally true. In 1855 a newspaper in

Javanese attempted to stimulate interest in the outside world; a second venture in 1864 is of interest by its appeal to the memory of the former greatness of Java—apparently the first seedling of Nationalism. At about the same time came Malay periodicals, largely advertisements, under European management and intended especially for Malay-speaking Chinese. Thus, during the nineteenth century, there was no native Press worth mentioning. The change came with the liberation of the Press in 1906, and in the titles of the periodicals since that date one can trace successive stages in the development of anti-European feeling. The earlier papers, the *Star* and the *Sun*, aimed to spread enlightenment; then papers like the *War Cry* were intended to arouse the masses; finally the *Free World* and the *Voice of the People* uttered the sentiments of extremists. These newspapers, however, are chiefly significant as tracing the course of Nationalist feeling; as literature they are for the most part, "like other goods intended for native consumption, cheap and nasty".[38] In this respect they are in striking contrast with the attempt made by the Bureau for Popular Reading to provide literature worthy of modern Java.

One outstanding feature of educational progress under the influence of Ethical ideas was the recognition of a fact, which might seem obvious if not so generally overlooked, that people who learn to read need books, and that among people who have never read books it is necessary to inculcate a habit of reading. The matter was not wholly neglected during the first flush of Liberalism, when the generous impulses of 1848 had not yet been overgrown by considerations of practical utility. So early as 1851 an attempt was made to encourage the publication of suitable books, and in 1855, and again in 1858, Government offered prizes for "moral tales or verses, preferably with an oriental setting, or Western stories, easily adaptable to an Eastern environment".[39] But it was not sufficient merely to supply such books; there was little or no demand for reading-matter and, as in other economic problems in a tropical dependency, the crux lay in the organization of demand and not in the organization of supply.

There the matter rested, and for some fifty years educational progress was dominated by utilitarian considerations; schools

were founded because clerks were needed, and pupils attended them solely with a view to qualifying for an appointment. But the Ethical leaders looked on education as an instrument of social welfare, and in 1907, when Van Heutsz gave a new turn to education by his invention of the village school, it was realized that little would be gained by teaching lads to read unless they had books to read on leaving school. A Committee was appointed in 1908 to examine this problem, but little was done until in 1910 Dr D. A. Rinkes, of the Department of Native Affairs, was made Chairman.[40] His intimate acquaintance with native life enabled him to realize that it was necessary to organize the demand for books; to publish them was only a matter of spending money, but unless they were read it was a waste of money. People who have never read or seen a book are not in the habit of reading, and the main difficulty was to create the reading habit; if he could organize the demand for books there would be no difficulty about the supply.

His solution was that people, who would not waste money on buying books, might be induced to pay a small fee for borrowing them, and that, if children could be taught to find pleasure in reading, they might go on reading when they left school. He set himself, therefore, to provide a library at each of the Second Class, or Standard schools, and by 1914 there was a small library in 680 schools. It soon appeared that there was a demand for Dutch books also, and in 1916 Dutch books were provided in 100 libraries. In 1917 the movement was consolidated by the foundation of the Palace of Literature, *Balai Poestaka*, known also, more prosaically, as the Bureau for Popular Reading.

Libraries under the Bureau

Language	1914	1920	1930
Vernacular:			
Javanese	504	760	1248
Sundanese	176	239	443
Madurese	—	76	114
Malay	—	543	723
Dutch:			
Normal	—	114	139
Advanced	—	18	19
Total	680	1750	2686

The marginal table shows the progress of the movement. School-children are allowed to borrow books free of charge, but adults must pay $2\frac{1}{2}$ cents ($\frac{1}{2}d.$) a volume. The school managers, as librarians, are encouraged to promote reading by being allowed to keep the fees received for books issued. When

the demand in any place suggested that buyers might be found there, Dr Rinkes appointed a local agent for the sale of books, who mostly did well for a time. But, owing to the small size of the market, the sales soon fell off, and the agents lost their interest in the business. To obviate this difficulty motor book-vans were sent out, and some of the agents in charge of these managed to sell as many as 2500 books a month to the value of f. 1000. These vans are continually on the move. But for every new publication there are potential buyers whom the vans do not reach, and the Bureau discovers these by sending out circulars. As already explained, the franchise is confined to people who are literate, and, by circularizing all voters, the Bureau has been able to build up a strong list of regular customers.

The books supplied to the libraries are mostly the publications of the Bureau, and consist either of indigenous stories re-written for the present generation, or of adaptations or translations of Western works. Books written for the West are apt to be unreadable, or even unintelligible, when rendered in an oriental language; but the Bureau gets round this difficulty by giving out most of its work to writers outside the staff whose remuneration depends partly on the circulation of the book, and in this manner it has gradually worked out a technique for translation and adaptation. Among the works adapted have been *The Old Curiosity Shop*, *Oliver Twist*, *Baron Munchausen*, *Le Gendre de M. Poirier* and *L'Avare*; and among those translated there are *Monte Cristo*, *The Three Musketeers*, *Twenty Years After*, *Tom Sawyer*, *The Jungle Book*, *Gulliver's Travels*, and *Ivan the Fool*. Other works comprise a History of Java, Manuals for Carpenters, Masons and Electricians, and books on Agriculture, Hygiene, etc.

When Dr Rinkes started work the Press had only lately been emancipated and Nationalism was in its infancy, and there were few periodicals. But between 1915 and 1917 the number of indigenous periodicals rose from 11 to 35, and Dr Rinkes decided to meet this new demand and try to raise the standard of such literature. He therefore started a monthly magazine in Malay, and in 1923 a weekly magazine which, since 1926, has been appearing twice a week. In the same year, 1926, he

published a Javanese weekly (bi-weekly since 1928), and in 1929 a Sundanese weekly. By 1930 the circulation of these periodicals exceeded 10,000. The most successful venture, however, has been an Annual Almanac of which the sale exceeds 100,000 copies. The circulation of the books, as one would expect, is smaller; but up to 1930 about 1000 volumes had been published, each edition numbering 5000 copies, so that some 5 million books had been provided for a country in which less than thirty years ago reading for pleasure was unknown. When the present generation, which has acquired in school the habit of reading, has grown up, the number of readers should be greatly multiplied; and the Government may fairly claim that, within a single generation, it has created a habit of reading and a demand for books. The chief obstacle to the spread of elementary education has been the apathy of parents who had never learned to read themselves and did not see that reading would be of any profit to their children; but there will be far less difficulty on this score with future generations. It is possible that the provision of reading-matter by Government may have hampered private initiative, and it must certainly be difficult for private enterprise to compete with the State in publishing and bookselling, but there is little doubt that without State intervention, the reading habit would never have developed, and perhaps as little doubt that in course of time private enterprise will find its way into the market which Government has created. Incidentally, the Bureau has done much to raise the level of translation in official publications by its insistence on readability as the essential mark of a good translation, and now it undertakes all translation work for Government, and also compiles for the general public a useful and interesting weekly survey in Dutch of the native Press.

It is almost impossible to overemphasize the value of such work as the Bureau has been doing; for if the Javanese in Java are to graduate as citizens of the modern world they can do so only through the medium of reading, aided more and more, probably, by the cinema and broadcasting. At present, however, in notable contrast with Burma, there is no native cinema, and one does not hear of any modernization of the popular shadow play. There appears to be a revival of interest in native music,

though without any development in the direction of harmony. Among all the arts, that of painting seems to have been most closely touched by European influence. In former days the Javanese had a great school of painting. When the Portuguese conquered Malacca, the King of Java sent "a cloth on which were painted all his victories, with horse-drawn cars and elephants bearing castles, and the King in a car with four flags and all his retinue, so well done that it could not be bettered". Then, under Moslem influence, Javanese painting declined; and when the Dutch took over the country, they bought their pictures from Europe or from European painters in Java. But in 1830 a native artist attracted the notice of a Dutch painter, and it is noteworthy that, even under the much-reviled Culture System with its "cheese-paring economies", money was provided to send him for study in Europe. Now there are many lads who can turn out pretty pictures, usually rich in the glow of sunrise or sunset, but one does not see or hear of any artistic achievement beyond this. A recent Indonesian writer, however, is encouraged by the renascence of the last ten years, and by the new and living interest in Javanese architecture, music, dancing, stage and literature, to hope that Java may learn from the West without losing qualities that are distinctively Javanese.[41]

It is perhaps doubtful whether this new interest in Javanese culture goes far beyond the classes who have come directly under European influence in the schools; and among these, as we have seen, the interest in native culture is countered by a rival interest in European culture as a key to European power and wealth. But what is beyond doubt is that it is an expression of Nationalism, and represents both a reaction against the disintegration of native culture in the plural society of India and an attempt to organize a social demand for the reinvigoration of those elements which have decayed; it is an expression in another form of the sentiments which in the native Press are crudely anti-Dutch. Thus, in proportion as each section in a plural society becomes better organized, so does the plural character of the community grow more pronounced. On such a matter few can speak with higher authority than Dr Meijer Ranneft, lately Vice-President of the Council of India, the highest post open to a Civil Servant; he comments on it in a

private communication which he has kindly permitted me to quote. "The mixed character of the community", he says, "is increasing and not decreasing. In social importance (and also in numbers) the European group is not waning but waxing. It is true, and gratifying, that the native group is also making progress. But, with the improvements in communications and technique, the European group makes even more rapid progress. It is unsound to suppose that the development is towards a land of Natives; facts teach us that the trend is in the direction of a more mixed community. Thus it happens that in all groups, in the European group as in the others, national feelings do not grow cooler, but keener; and people do not feel less different, but more different." He stresses this point in a paper on *The Economic Structure of Java*: "for the last twenty-five years, over this densely populated country, has swept a wave of colonization, such as it never experienced before; but at the same time all kinds of nationalist waves are rolling in higher and faster. Thus are breakers formed."[42]

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[2] Angelino, ii. ch. 7.
[3] Burger, *De Desa Pekalongan*, p. 5.
[4] Idema, p. 120.
[5] Idema, pp. 181, 185.
[6] Idema, p. 183.
[7] Periodicals: *Ind. Verslag*, 1932, i. 322.
[8] *Enc. N.-I.*, App. 961.
[9] Cramer, *Het Volkscredietwezen*; Furnivall, *State Money-lending*; Gonggrijp, *Een Algemeen Volkscredietbank*; Burger, *Pati.*
[10] *Gedenkschrift, Pandhuisdienst*; Furnivall, *State Pawnshops.*
[11] Angelino, ii. 328–32.
[12] Official: H.-I. Onderwijs Commissie, *Eindrapport* and *Résumé.*
[13] Hasselman, *Dessadiensten*, pp. 70, 73.
[14] Labberton, pp. 192, 193; Statistics: *Jaarcijfers*, 1910.
[15] Idema, p. 195.
[16] Labberton, p. 354; Crommelin; Kraemer; Kleintjes, ii. ch. 29.
[17] Laceulle; Adam, *Autonomie*; Meijer Ranneft, *De Hervorming v. d. Desa*; Boeke, *Dorp en Desa*; Van Vollenhoven, *Old Glory.*
[18] Van Vollenhoven, *Old Glory.*
[19] Idema, pp. 146, 236.
[20] Furnivall, *Econ. Surveys in N.-I.*; *Machinery of Uplift in N.-I.*
[21] Engelenburg.
[22] Hasselman, *Mindere Welvaart.*
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[28] Boeke, *Welvaartspolitiek.*
[29] Official: H.-I. Onderwijs Commissie, *Résumé*, p. 76.
[30] Meijer Ranneft, *The Economic Structure of Java*, in Schrieke, *Western Influence*, p. 83.
[31] Volkstelling, 1930, vii. 56; Vleming; Bruineman (*Colijn Stibbe*, ch. 4); Toynbee.
[32] Meijer Ranneft, *Economic Structure of Java, loc. cit.* p. 84.
[33] Bruineman, *Colijn Stibbe*, ch. 4.
[34] Versluys, p. 39.
[35] Van Anrooy.
[36] Chailley-Bert, *Java et ses Habitants*, p. 71.
[37] Drewes, *De Strijd om de Persvrijheid.*
[38] Meijer Ranneft, *Hervorming v. d. Desa*, p. 13.
[39] Official: *Reg-almanak*, 1933, p. 314; *Bijbladen*, 1851, No. 892; 1861, No. 962.
[40] Lekkerkerker, T. J., *Popular Literature*; *Volkslectuur.*
[41] Soerjodiningrat.
[42] Meijer Ranneft, *The Economic Structure of Java, loc. cit.* p. 84.

CHAPTER XII

SOME EFFECTS OF THE CRISIS OF 1929

1. *The Crisis of* 1929. We have now brought the outline of the social and economic development of Netherlands India down to 1930. Here it might seem expedient to stop, for we are still too near to subsequent events to view them with detachment or to deduce their lessons. But the reactions of the crisis of 1929 on Netherlands India are of great interest in themselves, and so also are the measures taken by the Government to meet the rapidly changing situation. And although we cannot yet say what will happen, we can assay in some degree what has happened, and we can see already that 1930 marks the close of a period. For the crisis of 1929 brought to a head the changes due to the War in the economic relations between Europe and Asia, with their necessary reactions on social and political relations; it marks the close of the period of sixty years, beginning with the opening of the Suez Canal, and, although less definitely, the close of the period of four hundred years from the first landing of Vasco da Gama in Calicut.

To many the years succeeding the post-war depression seemed prosperous. Rubber planters, both European and Native, made vast profits from the Stevenson Restriction Scheme, to which Netherlands India was not a party. The introduction in 1925 of a new variety of sugar, P O J. 2878, raised the out-turn from 1·97 million tons in 1926 to 2·94 million tons in 1928; the introduction of catch crops in the plantations enhanced the export of palm oil from 5202 tons in 1924 to 21,515 tons in 1927, and of fibres from 31,909 tons to 46,500 tons. Those who made money spent it freely, as is suggested by the figures given above (p. 330) for the import of motor cars. There was a like expansion in Government revenue, which rose from f. 650 million in 1923 to f. 848 million in 1929; and Government also spent money freely, as the expenditure rose from f. 666 million in 1924 to f. 903 million in 1929.

But this prosperity had no secure foundation. While production was expanding, markets were contracting, especially for

the main product of Java, sugar; England was increasing its output of beet-sugar by a bounty, and in Japan the production of sugar rose from 3·6 million quintals in 1920–21 to 9·5 million quintals in 1928–29. From 1926 onwards prices were falling; sugar from f. 17·14 per 100 kg. to f. 12·52 in 1929, tin from f. 3440 per ton to f. 2400, and the price of rubber broke with the end of the Stevenson Restriction. Meanwhile, loans raised by Government at a fixed rate of interest had still to be met, despite the fall in the value of Java produce. Thus in 1929 Netherlands India was less prosperous than it seemed.

In 1929 there was a widespread failure of crops. Then the crisis in Wall Street led immediately to a catastrophic fall in the price of agricultural produce, which India sold, whereas the price of manufactured articles, which India bought, did not fall so fast or so far; so that, as shown in the margin, the position changed suddenly for the worse. The first reaction to the depression was an attempt to make up for lower prices by increasing output, and there was an increase in agricultural production. But, from 1931 onwards, other countries refused to import goods, however cheap, and, in proportion as Netherlands India lowered the prices of its goods, the hoped-for customers shut them out by higher tariffs. Thus, whereas in 1930 the volume of exports was still larger than in 1928, though at three-quarters of the price, in 1931 the volume of exports was less, even at a far lower price. This led to new developments. Just as in 1900 the encouragement of welfare, which had long been a pious aspiration of humanitarians, became a practical business proposition, so now the encouragement of local industry came to have an appeal on purely economic grounds as a means of obtaining goods which could no longer be imported. Moreover, the Japanese devaluation of the yen in December 1931 (following on the departure of Great Britain from the gold standard in the previous September) flooded the country with Japanese goods; attempts

Index Numbers, Import and Export (1925 = 100)

Year	Exports	Imports
1925	100	100
1929	46	88
1930	30	80
1931	21	61
1932	18	51
1933	18·5	44
1934	20	43

Java Bank, *Ann. Repts.* 1932–33, p. 35 and 1935–36, p. 23.

Index Numbers, Export and Import (1928 = 100)

Year	Exports		Imports	
	Value	Volume	Value	Volume
1928	100	100	100	100
1929	91	105	109	119
1930	76	103	86	100
1931	51	84	57	78
1932	37	89	41	61

Economic Bulletin, 16 May 1933.

to hold the market for European goods soon proved ineffective, and a further, and political, incentive was given to the encouragement of local industry as one of many measures of self-protection which the Government was compelled, very reluctantly, to undertake in order to prevent a complete economic collapse. Van Gelderen groups all these measures under four heads, according to the degree of State intervention which they entailed, as the restriction and regulation of export, the restriction of production, the regulation of production, and the restriction of disposal. In this sketch, however, historical rather than analytic, it seems more convenient to class them as measures for the restriction of output, and measures for the protection of markets and manufactures. Here only a very superficial account is possible, but full details regarding the control of goods are given by Dr Cecil Rothe in her contribution to *Commodity Control in the Pacific Area*. First, however, we must notice the new balance of trade with Europe and Asia and, in particular, the part played by Japan.

2. *Japanese penetration.* One can trace back to the beginning of the century a trend towards the replacement of European by Asiatic imports, but this tendency is obscured in the trade statistics by the large volume of imports from Penang, which are largely of European origin. The statistics suffice, however, to show that the process has developed unevenly, and mainly in two periods, the first during the War and the second since 1929. The table below shows how large a part has been played by Japan. This first became significant in 1918, when there was a sudden jump in the Japanese imports, from 4·0 to 11 per cent.

Percentage Origin of Imports, 1905–34

Year	1905	1913	1923	1929	1934
Europe:					
Holland	31·0	33·3	21·0	17·8	12·9
U.K.	16·3	17·5	15·1	11·0	9·8
Germany	2·7	6·6	8·0	10·9	7·3
Straits	33·6	18·7	18·3	12·1	12·5
Asia:					
Japan	1·2	1·6	8·1	10·9	31·8
China	1·1	2·1	1·5	2·6	2·3
B. India	3·6	5·2	4·8	5·4	2·7

Figures to 1929 from Smits, *Beteekenis*, p. 5; for 1934 from Java Bank, *Ann. Rept.* 1934–35, p. 53.

of the total, due mainly to the capture by the Japanese of the trade in cheap cottons, "greys" or "unbleached". After the War the trade in cotton goods was about equally divided between the Netherlands, Great Britain and Japan, each with about 20 per cent., but Japan retained its hold over the cheaper goods and by 1926 held 79 per cent. of the trade with Java in "greys". During the next few years the Japanese extended their trade in "greys" over the Outer Provinces and began to invade the market for superior qualities. In 1930, for the first time, they imported sarongs made in Japan; the Japanese not only supplied these at lower rates than European manufacturers, but they also attended more closely to market requirements and the popular taste;[1] their goods were both cheaper and better. In 1930 and 1931 the Japanese invasion was directed mainly against English products and, for the time, the Dutch felt secure. European importers stiffened their defences and refused to deal in Japanese goods, but when Japan went off gold, it carried "the last stronghold of the Dutch market"; Chinese merchants were importing Japanese cottons and the Dutch merchants found

Percentage Imports of Cotton-Piece Goods (in value)

Year	Holland	U.K.	Japan
1928	25·84	26·78	23·02
1930	27·95	19·79	32·12
1931	25·92	12·16	47·75
1932	19·22	12·70	55·92
1933	7·15	7·07	75·96

Java Bank, *Ann. Rept.* 1931–32, p. 48; and corresponding tables for later years.

themselves compelled to import Japanese cottons or nothing.[2] The progress of the Japanese cotton trade is shown in the margin (p. 431).

Meanwhile, the Japanese were making headway in other directions. During the war and early post-war years, Japanese imports were mainly cotton goods, and no other import from Japan was on a scale to raise comment; but by 1930 Japan was the chief source of pottery, cement, glass and timber, and in the two former products it held more than half the trade. In 1932, however, after the fall of the yen, Japan came to the front "in electric bulbs, sheet iron, cast-iron tubing, galvanized iron roofing, wire, wire nails, electric cables, accumulators, bicycles and spare parts, beer, fish-preserves, sweets, toilet soap, caustic soda, resin, cement, superphosphates, triplex cases, wall tiles, window-glass, paper, glass-ware, earthenware, haberdashery, small iron ware, bicycle tyres and carbide", and in 1934 it was "practically impossible to name any category of goods in which European and American industry could compete with that of Japan".[3]

By this time the European distributing agencies, which in 1931 were still refusing to deal in Japanese goods, were even compelled to open agencies in Japan; but they found that the Japanese were turning the tables on them and trying to control the import and distribution of Japanese goods. Moreover, instead of, like the European importers, leaving retail distribution to the Chinese, they were opening shops all over the country and employing native salesmen. In 1933 as one went down the Bond Street of Bandoeng, one passed shop after shop with an impressive display of European luxuries, but empty except for the European assistants, and round the corner, in the miscellaneous stores on the Woolworth model, small native lads were doing a thriving trade for their Japanese employers. As already mentioned, the goods in these Japanese stores, contrary to oriental custom, are sold at fixed prices; but—a fact of greater importance and not without political reactions—whereas regrets have been expressed in successive Annual Reports that the Native could find no place in modern commerce, the Japanese have given him an opening. In production the Japanese as yet play a minor part. They have invaded the sea-fisheries, obtained a concession in Borneo for oil, taken over a few sugar factories (though

ceasing to work them, even before the crisis), established two silk factories, and have undermined the Dutch monopoly of cinchona by buying up native produce, but, as shown above (p. 311), the Japanese capital invested in agriculture is comparatively small.

While imports from Japan have been growing, exports to Japan have been declining, and in 1929 represented only 3·3 per cent of the total value of exports as against 4·4 per cent. of the total value in 1905; even in 1934, although imports from Japan had risen to 31·8 per cent. of the total value of goods imported, the exports to Japan were still only 3·98 per cent. of the total exports. A similar trend is noticeable in respect of trade with Asia in general; other Asiatic countries are trying to produce goods of which formerly Java had a monopoly, and Asia now takes less Java produce—only 34·9 per cent. in 1934 as against 44·5 per cent. in 1928, whereas during the same period the percentage of exports to Europe has grown from 36·5 to 42·1 per cent. On the other hand up to 1928 about half the imports came from Europe and only one-third from Asia, whereas by 1934 the proportions were reversed, and only one-third (35·0 per cent.) came from Europe and over a half (53·6 per cent.) from Asia. This is one reason why the year 1929 stands out in the history of economic relations between East and West as conspicuously as 1869, the year of the opening of the Suez Canal, so that the intervening period of sixty years marks a complete phase in inter-continental relations.

3. *Growth of Manufactures.* As noted above, the first reaction of Netherlands India to the depression was an attempt to enhance agricultural production while reducing costs. But it soon appeared that local produce, however cheap, could not be sold, and therefore foreign produce could not be bought. In these circumstances local firms turned to manufacture and foreign manufacturers established branches in Netherlands India for the sale of goods which could no longer be imported. At the same time the *swadeshi* movement gave a stimulus to native manufactures. A strong lead was given by the Government Textile Institute in Bandoeng.[4] From 1929, under the guidance of the Institute, native weaving began to assume considerable proportions and many small factories with thirty hands or more

were opened; this led to the development of a local dyeing industry and to an improved technique among native carpenters in building looms, both fostered by the Institute. The same impulse also brought new life to the old-established industry of hat-making. A duty on cigarette papers gave fresh vigour to an already promising industry in the manufacture of native cigarettes, wrapped in leaf; subsequently a tax on matches led to the production by Natives of lighters on a large scale at an incredibly low price, and it deserves notice that a proposal by the Finance Department for the taxation of these lighters was rejected at the instance of the Committee of Economic Advice, which urged that at such a time any new industry deserved encouragement. Natives also started kapok factories and, although soon driven out of this line by Chinese competition, managed to hold their own in the manufacture of soap and leather goods.

At the same time Europeans were opening up new lines of business. In 1929 the cement factory in Padang produced over 800 thousand vats, about a million hundredweight, and in 1931 it was newly equipped so as to be capable of producing nearly a million vats at a price which would meet all normal competition. A large brewery was opened in Surabaya in 1931 and another in Batavia in 1933, and other goods for local consumption in which home manufacture began to play a leading part comprised biscuits, confectionery and perfumery. Europeans also took to the manufacture of cigarettes, soap, electric torches, metal cooking utensils, paints, dyes and tyres, and the General Motor Co. built an assembly plant in Java. In 1933 an increase in the volume of imports of production-goods, such as metals and machinery, reflected "the modest beginnings of a domestic industry for the production of articles of consumption".[5]

These local manufacturers were able to avail themselves of the machinery for distribution through European and Chinese traders, which had served formerly for the distribution of imports. The Chinese helped the new movement in another way, as leaders in the development of local industries, thus showing themselves, as usual, wideawake to all changes in the economic situation and able to derive profit from them. But it is significant also that much of the capital invested in these new concerns, so far as it was not Chinese, was foreign capital. The General

Motors is an American Company; the British American Tobacco Company has prospered at the expense of the older Dutch concerns; Faroka has Belgian interests, and so has the brewery at Surabaya, whereas the other brewery is largely German; the Lever Soap Factory is half British; the Ever-Ready Factory is of American origin. Thus Dutch publicists have good reason to comment with regret on the scarcity of Dutch industrial interests in India. This may not be wholly disadvantageous to the Natives. One great attraction of Java to foreign industrialists is the low rate of wages. In 1934 even Indo clerks, with a higher standard of living than Natives, could be obtained on f. 10 a month and Indos, trained in the Technical Institute, would work for 4 cents an hour.[6] If foreigners derive the chief advantages from low wages, the Government is likely to prove sympathetic to demands for labour legislation.

4. *State Intervention: (a) Restriction of Output.* Thus the first measures adopted to relieve the crisis of 1929 were economic; the increase of agricultural production and the development of industrial production. But Japanese penetration showed that economic measures alone would not suffice, and that State intervention was necessary both to safeguard or recapture foreign markets, and to protect the new industries. This was wholly contrary to the traditions of the Dutch since 1870; they were firm believers in individual enterprise and in free competition and free trade, and they were encouraged in these views when the rubber interests (which, in fact, were largely British) made huge profits by standing out of the Stevenson Restriction Scheme. An unsatisfactory attempt between 1929 and 1931 to restrict the production of tea was taken as fresh evidence of the futility of such devices. For some time many planters were opposed to the "Chadbourne Plan", devised in the autumn of 1930 for the world restriction of sugar, and an increasing number was cutting loose from the Union of Sugar Producers (V.J.P.). Many rubber-planters likewise were suspicious of restriction and were relieved when, in March 1931, a new scheme for limiting the output of rubber was abandoned as impracticable.

But the sugar crisis compelled a change of front. Since the War planters had been able to begin harvest with practically no

old stocks on hand, but in the early months of 1931 the carry-over grew so large that the Government had to reconsider the question of intervening and, when China and British India raised the duty in January and March 1931 respectively, Netherlands India replied by adopting the Chadbourne Plan. In May the Sugar Export Ordinance prohibited for five years the export of sugar without a licence; this was followed by the Sugar Export Decree, fixing the total quantity to be exported annually. But resignations from the V.J.P. became more numerous and led, in December 1932, to the formation of N.I.V.A.S., a new central selling organization which all producers had to join, and the disposal of sugar was made subject to its sanction.

Stock of Sugar in Java

Date	Quantity (tons 000)
1 Ap. 1930	150
1 Ap. 1931	713
1 Ap. 1932	1634
1 Ap. 1933	2533
1 Ap. 1934	2285
1 Ap. 1935	1260

Econ. Wkblad, May 1933, p. 40; and Rothe, pp. 285, 286.

The Chadbourne Plan provided for an annual reduction of the area under sugar by 17½ per cent. and for increasing consumption in the East by 100,000 tons a year. But as the exports fell below the prescribed maximum, and the carry-over grew still larger, further restrictions on planting were introduced until by 1933 it was cut down from just on 200,000 ha. to 34,000, which was expected to reduce the output from a potential yield of 3 million tons to an actual output of 550 thousand tons. NIVAS advised that no sugar at all should be planted in 1934. But this measure threatened the industry with extinction. The number of factories had been reduced from 179 to 45 and the owners of these announced that they must either keep their factories going or shut down for good; it was decided therefore to plant a small area estimated to yield 460 thousand tons. The concession saved the industry from complete extinction; but one can hardly expect that this outstanding feature in the economy of Java, with its unique combination of European planter and native cultivator, brought, for good and ill, into intimate relations, will ever regain its position as the economic centre of Indian affairs.

At the time when the Chadbourne Plan was adopted for sugar, the restriction of tin was also debated. Apart from Government,

the control over tin production rested with two or three large corporations, and an arrangement could be made with less trouble than in the widespread sugar industry. In March 1931, Netherlands India joined the International Tin Committee, which controls 95 per cent. of the world output, and when, despite restriction, visible stocks continued to increase it co-operated in the International Tin Pool for the liquidation of surplus stocks. The favourable results of this agreement did much to weaken the prejudice against the restriction of competition.

One result was seen when the project of restricting tea, which had been abandoned as unsuccessful in 1931, came up for reconsideration. The preferential duties on tea, introduced by England in April 1931, and the substitution of fine for coarse plucking, put N.-I. tea at a disadvantage, which led in June 1933 to an agreement, taking effect from the previous April, for the restriction of output on a percentage basis. This was followed by a rise of prices, and a raising of the percentage quotas, but when improved methods were introduced and new gardens came under plucking, subsequent developments were less satisfactory. Restrictions on cinchona, also introduced in 1933, had a rather different origin. Netherlands India has practically a world monopoly of cinchona production and, since 1913, despite a potential production capacity exceeding world consumption by about 100 per cent., the planters' organization had managed to keep production within profitable limits. But new plantations were growing up outside the organization, and Natives began to plant the crop in their own compounds and sell the produce to Japanese middlemen who encouraged them with advances. This threatened to undermine the central organization because the new plantations were producing to the limit of their capacity, and underselling the recognized producers, who were restricting production. In 1933–34, therefore, exports were controlled by the Cinchona Export Ordinance, and production by the Cinchona Planting Ordinance. Kapok is another product over which Netherlands India enjoys practically a world monopoly, but in respect of kapok also regulation was deemed necessary, and the Kapok Ordinance of May 1935 had the double object of improving the quality of the crop, and of regulating (without restricting) trading and export.

Most difficult of all such problems, however, was the restriction of rubber. Shortly before the depression the Natives in various parts had taken to cultivating rubber, often by European methods, and this development had been welcomed as a step towards the growth of native capital and the entry of Natives into modern Western economy. Government was reluctant to check this tendency, and there were also technical difficulties in restricting native rubber; moreover planters had gained much by standing out of the Stevenson Scheme and some were opposed to restriction. But in 1933 the output of native rubber was almost doubled and in May 1934 an arrangement was reached by which production should be regulated on the basis of exporting 71·5 tons of native rubber for every 100 tons of plantation rubber. The restriction on native rubber was imposed by an export duty of 16 cents per kg., raised gradually to 20 cents, the proceeds, which in 1934 reached f. 11·54 million, being allotted to relief and development in the native rubber areas. This plan was criticized on the ground that a rise of prices would benefit the planters but not the native growers. However, it failed to check native production and the duty was raised further until in November 1935 it reached 29 cents per kg., leaving the growers with a net profit of $2\frac{1}{2}$ cents, less than a penny a pound. A system of individual restriction, introduced in Banka and Billiton and parts of Sumatra early in 1935, had given satisfaction and Government decided to extend it. At the same time a sum of f. 5·5 million was allotted for taking over rubber export licences from the estates and native growers to the extent of 20 thousand tons, the price being fixed at 27 cents a kg. for estates with free labour, and 29 cents for estates with contract labour. From the end of 1935 it was found possible to keep exports within the quota. But this entailed successive enhancements of the duty on native rubber with each rise of prices, and by the end of 1936 the rate reached 59 cents per kg. Each increase in the duty meant a relative decrease in the share of the proceeds received by the rubber-producing population, and the substitution of individual restriction for all native rubber met therefore with general approval.

(*b*) *Protection of Markets and Manufactures.* Thus since 1931, under the pressure of circumstances, the traditional policy of

laisser-faire has been abandoned, and most of the chief export products of Netherlands India have been brought under control. Moreover, it has further been found necessary for the State to intervene in protecting both the local market for home products and also the new industrial developments. The protection of the market was first attempted for agricultural products. With the slump in sugar large areas under this crop reverted to rice. But at the same time the fall in paddy prices in Burma, Siam and Indo-China threatened to flood the market with rice at prices even lower than the cultivator was already getting. The import of rice into Java was therefore restricted in March 1933, and prohibited in July. Gradually, as arrangements could be made to supply the Outer Provinces with rice from Java and Bali, they were successively closed to foreign rice. Local markets were thus cut off from the international level, and cultivators were enabled to sell their produce. The figures for home production and imports are given below.

Rice Production and Import, 1929–33 (1000 *metric tons*)

Year	Production less seed	Imports	Total	Exports	Available for home consumption
1929	3244	345	3590	10·0	3580
1931	3368	287	3655	4·7	3650
1932	3567	149	3717	3·6	3713
1933	3451	105	3557	7·9	3549

Java Bank, *Ann. Rept.* 1933–34, p. 31.

The favourable results of rice restriction led to the restriction of imports of soya. In better times Java obtained much of its soya from Manchuria, but the area under soya increased with the area under rice, and in February 1934 Government prohibited the import of soya except under licence. A further development was somewhat different in character, and was intended to protect the young industries which were beginning to take root, especially against the influx of Japanese goods after the devaluation of the yen. The Padang Cement Factory, newly equipped in 1931, produced in that year 766 thousand vats against 628 imported from Japan, but in 1932 its output fell to 448 vats against 729 from Japan. The Japanese agreed to pay 30 cents to the Padang

Factory for every vat imported, but could still undersell local cement until the Crisis Ordinance of 1933 enabled Government to restrict Japanese imports. In the same year this Ordinance providing for the restriction of imports was applied to beer and in 1934 to coloured sarongs and metal cooking utensils. Then, in 1934, the quota system was adopted to provide for the direct exchange of goods between Netherlands India and Holland, and maize was exported in exchange for cambrics. This was followed by similar arrangements, providing an outlet in Holland for rice, copra and palm oil, and in India for unbleached cottons, fertilizers, electric light bulbs, bath towels and sanitary earthenware, all of which were threatened by Japanese competition. Meanwhile, the Japanese were aiming at control over the shipping, importing and distribution of goods from Japan; clauses were therefore embodied in the quota arrangements to protect the interests of Dutch merchants by restricting the import of goods to specially nominated importers, and in 1935 this expedient was supplemented by the Import Licensing Ordinance, empowering Government to make the importation of goods conditional on the possession of an import-licence. In the beginning of 1935 this system was applied to a wide variety of imports; notably enamel wares, bicycles and accessories, cutlery, petrol-lamps, tooth-brushes and all cotton piece goods. Further protection was accorded to local producers by the Regulation of Industry Ordinance, 1934, which made the extension or establishment of enterprises conditional on an official permit. This Ordinance, enabling Government to prevent the establishment of a greater number of enterprises than may seem desirable, was applied in 1935 to the warehouse and printing trades throughout India and to dairy farming near Bandoeng. These measures were directed in the first instance against Japan because it was from that country that the danger of economic penetration was most urgent; subsequent attempts to reconcile the conflicting interests of India and Japan "merely had the result of enabling each country to elucidate its own point of view". Other measures of State intervention, of less importance, are the Crisis Export Ordinance, and the Crisis Culture Ordinance, both of 1935. The former is designed to render possible a temporary limitation of the export of minor produce, chiefly with a view to preventing

a local shortage of the necessities of life. The latter transferred the Experimental Stations to Government (p. 308).

Although this intimate entanglement of the State in economic affairs has involved a clean cut with the traditional policy of *laisser-faire*, it would be premature to attempt any definite appraisal of its permanent effect upon the development of industry and the economic structure of the colony; but it serves to mark out more clearly the year 1929 as the end of the period of political and economic relations which opened sixty years earlier with the Suez Canal.

5. *State Finances.* When Netherlands India attained financial independence in 1912, the revenue account from 1867 to date, including contributions to the homeland out of the *batig slot*, and all extraordinary expenditure on remunerative capital works such as railways, irrigation, harbours, etc., showed a minus balance of no more than f. 51·9 million. Then for some years there was still a surplus on ordinary expenditure, until the strain of the War led to an accumulation of deficits, and the post-war boom raised costs with no corresponding increase in revenue. By the end of 1921, in less than ten years from the attainment of financial independence, the accumulated deficit had grown from f. 51·9 to f. 1064·0 million and on ordinary services alone it had risen to f. 335·6 million. Severe retrenchment and enhanced taxation converted this deficit on the ordinary services into a balance of f. 58·3 million by the end of 1929, but, owing to a lavish expenditure on capital works, the accumulated deficit, including extraordinary services, had risen to f. 1105·4 million, and many critics urged that the apparent surplus on ordinary expenditure had been obtained only by debiting recurring expenditure to the capital account.

Then the crisis of 1929 led immediately to a large and increasing fall in revenue, which could not be met by a corresponding reduction in expenditure. As shown in the marginal table, although the revenue began to drop in 1930, there was no serious reduction in expenditure

Ordinary Revenue and Expenditure 1929–31 (f. mil.)

Year	Revenue	Expenditure
1929	840·7	832·2
1930	739·8	825·1
1931	580·5	735·0

until 1931, when the revenue showed a further and more serious drop. One characteristic of the N.-I. financial system is that the revenue reacts automatically to unfavourable changes in the economic conjuncture. Where, as in British India, a large portion of the revenue is settled on the land for a period of years, the same amount of revenue under that head is due in poor years as in good; Government may deem it advisable to remit a portion, or even find it impossible to collect the revenue in full, but nevertheless it remains due; where, however, as in Netherlands India, most of the revenue comes from taxes on income and consumption, from commerce and from State enterprises and monopolies, then, in times of depression, the flow of public income is cut off at the source. The revenue from land did, in fact, rise between 1929 and 1931; but the rise under this head was inconsiderable in respect of the collapse under all other heads. This is clearly shown below.

Main Heads of Net Revenue, 1929–31 (*f. mil.*)

Year	1929	1930	1931
Taxation:			
(*a*) Taxes on land	43·6	46·8	48·9
(*b*) Other taxes:			
Incomes and Profits	119·6	108·2	77·8
Consumption	150·9	133·3	107·7
Traffic	28·2	23·7	19·2
Miscellaneous	1·8	0·7	0·8
Total other taxes	300·5	265·9	205·5
Monopolies	52·9	45·5	34·7
Products	44·6	14·5	2·6
Industries	48·8	35·3	27·1
Miscellaneous	33·6	30·6	27·9
Total net revenue	524·2	438·6	346·7

On the other hand there were charges which could not be cut down at once, such as salaries, pensions and debt-redemption charges, which accounted for 28·35 per cent. of the total net revenue. At first the full extent of the collapse was not realized, and hopes were entertained that equilibrium might be re-established on a net revenue of f. 400 million, but this soon gave place to a more sober estimate of f. 300 million, and all

expenditure was severely retrenched. Salaries were reduced by successive cuts which by April 1934 reached 25 per cent., with a prospect of a further cut of 1½ per cent. Recruitment of officials was practically stopped, and all officials whose services could be dispensed with were removed; this, however, gave less relief than might appear, as the immediate effect was to enhance the charge for pensions. Meanwhile the public debt was becoming more burdensome in two ways. During the past few years Government had borrowed largely for capital expenditure, and there had also been a great influx of European capital. After the crisis private capital ceased to yield a return and the tribute of interest on this account dried up; but the State still had to pay out of its diminished revenues the interest on the capital which it had borrowed. The total public debt in 1929 was f. 1023 million with a charge of f. 86·3 million for interest and redemption; by the end of 1933 the total debt had risen to f. 1512 million, though the conversion of the loans to a lower rate of interest afforded some relief. Attempts to redeem the situation by enhanced taxes were largely frustrated because the higher rates often gave a smaller yield. However, by budgeting for a deficit to the amount allotted for debt redemption or, in other words, by postponing redemption, it is anticipated that it may soon be possible to balance the budget at f. 300 million. The following table shows the progress to the end of 1934.

Survey of the Net Revenue and Expenditure, 1929–34 (*f. mil.*)

Year	Ordinary services			Extraordinary services Balance	All services Balance
	Revenue	Expenditure	Balance		
1929	524·2	515·7	8·5	−63·8	− 55·3
1930	438·6	523·0	− 84·4	−52·7	−137·1
1931	346·5	501·1	−154·5	−14·0	−168·5
1932	274·6	424·1	−149·5	8·9	−140·6
1933	249·7	375·6	−125·9	24·2	−101·7
1934	255·2	337·0	− 81·8	27·7	− 54·1

Figures up to 1931 from *Ind. Verslag*; afterwards from Java Bank, *Ann. Rept.* 1934–35, p. 56.

6. *Social Economy*. The fall in the price of Indian produce reacted immediately on European production and society. There

were numerous surrenders of concessions, and a large and rapid drop in the import of machinery and, so far as possible, economies were effected by reducing the number of European assistants, who were given more work on lower pay, or were replaced by Indos or Natives. But in the European community the crisis was not aggravated, as in Europe, by the natural rise of population; on the contrary, the European population rapidly declined. Moreover, the high standard of luxury which had grown up during the present century could be cut down without real hardship as, for example, by substituting light European cars for heavy American cars; and life was gradually made easier as local products, beer, biscuits and cigarettes took the place of imported goods. Nevertheless, the cutting down of the sugar factories by three-quarters, and the similar reductions in other lines of enterprise, entailed a grievous loss of capital, much unemployment and serious distress. Factories which had cost many thousand gulden were sold at their break-up value for a few hundred; Europeans sought new openings everywhere and some began to learn weaving alongside Natives in the hope of starting small weaving establishments, but many could find no work of any kind and by the end of 1932 there were 5520 Europeans, including many Indos, unemployed, of whom 3238 were classed as in straitened circumstances. Some of these, especially Indos, wished to settle on the land, but this was impracticable owing to the traditional policy of excluding from agriculture all who ranked as Europeans.

The Chinese, as usual, found a way to turn the situation to account by taking a chief part in the development of local industry. But they suffered also, partly from Japanese competition, and partly because both Indos and Natives were competing more keenly with them in commercial and clerical employment.

The Natives were hard hit by the loss of rent and wages from the plantations but, as they could take to cultivation on the land surrendered by the planters, they could produce more rice. At the same time the return of coolies from the Outer Provinces increased the number of people to be fed, so that in general people came to eat less food, but of better quality; an exact reversal of the trend noticed during the earlier years of the century. Although they were not short of food, they had no

money and were compelled therefore to sacrifice the petty luxuries, largely imported, to which they had been taking of late years. But this demand for luxuries was largely artificial and stimulated by the advances given by planters; when the people had no spare money in their pockets they were quite willing to do without things which they had bought chiefly because they could not keep money in their pockets. Only in two respects were they seriously prejudiced; they had no money, but they still had to find money to pay their taxes and to meet their debts. On the other hand the cheapness of Japanese goods relieved their immediate difficulties by enabling them to buy at far less cost things which they had formerly bought from Europe; and in the long run the new development of local industry, consequent on the depression, may prove to have acted as a stimulus arousing the native community to new economic vigour.

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[1] Official: *Verslag, Handel en Nijverheid*, 1930, p. 337.

[2] *Report* of Java Bank, 1932–33, p. 56.

[3] *Ib.* 1932–33, p. 57; 1933–34, p. 51.

[4] Furnivall, "The Textile Industry in N.-I." (*Asiatic Review*, Aug. 1935.)

[5] *Report* of Java Bank, 1933–34, p. 51.

[6] *Haagsche Post*, 10 Aug. 1935.

CHAPTER XIII

PLURAL ECONOMY

1. *Plural Societies.* No one can be so conscious as the present writer of the inadequacy of this attempt to trace the development of social and economic life in Netherlands India, so manifold are its aspects, and so voluminous the material which the zeal and industry of the Dutch have placed at the disposal of the student; but it may be permissible to hope that this study has served at least to throw into relief the interest which attaches to Netherlands India as an example of a plural society; a society, that is, comprising two or more elements or social orders which live side by side, yet without mingling, in one political unit. In this matter Netherlands India is typical of tropical dependencies where the rulers and the ruled are of different races; but one finds a plural society also in independent states, such as Siam, where Natives, Chinese and Europeans have distinct economic functions, and live apart as separate social orders. Nor is the plural society confined to the tropics; it may be found also in temperate regions where, as in South Africa and the United States, there are both white and coloured populations. Again, one finds a plural society in the French provinces of Canada, where two peoples are separated by race, language and religion, and an English lad, brought up in an English school, has no contact with French life; and in countries such as Ireland where, with little or no difference of race or language, the people are sharply divided in their religious allegiance. Even where there is no difference of creed or colour, a community may still have a plural character, as in Western Canada, where people of different racial origin tend to live in distinct settlements and, for example, a Northern European cannot find work on the railway, because this is reserved for "Dagoes" or "Wops". And in lands where a strong Jewish element is regarded as alien, there is to that extent a plural society. Thus Netherlands India is merely an extreme type of a large class of political organizations.

2. *Plural Economy: (a) The Plural State.* Let us turn then to examine some outstanding features of the economic aspect of social organization in such a plural society or, in other words, the distinctive characteristics of plural economy.* The most obvious feature is already indicated in the name; in a plural society there is no common will except, possibly, in matters of supreme importance, such as resistance to aggression from outside. In its political aspect a plural society resembles a confederation of allied provinces, united by treaty or within the limits of a formal constitution, merely for certain ends common to the constituent units and, in matters outside the terms of union, each living its own life. But it differs from a confederation in that the constituent elements are not segregated each within its own territorial limits. In a confederation secession is at least possible without the total disruption of all social bonds, whereas in a plural society the elements are so intermingled that secession is identical with anarchy. Thus a plural society has the instability of a confederation, but without the remedy which is open to a confederation if the yoke of common union should become intolerable. In the loose confederation of the United Netherlands, it was always possible for Friesland or Gelderland to break away and join the Empire if Holland should presume too strongly on its greater wealth and power; and in the far closer union of the United Kingdom repeal could always be a goal of policy; but in Netherlands India, the European, Chinaman and Native are linked as vitally as Siamese twins and, if rent asunder, every element of the union must dissolve in anarchy. Yet they are so far from having any common will that among the Natives, the order numerically most powerful, there is pressure for dissolution of the tie even at the risk of anarchy.

(*b*) *Social Demand.* In economic life this lack of a common will, which characterizes plural societies, finds expression in the absence of any common social demand. The conception of social demand has received less attention from economists than it

* As will appear below, some Dutch writers use the term dual or plural economy in a different sense, to connote the co-existence within the same political community of two or more distinct sets of different economic principles.

would seem to merit. Adam Smith and his successors, urging the doctrines of individualism and freedom of enterprise as the mainspring of wealth, took for granted the existence and efficacy of social demand; in the circumstances of the time, and especially in England with its conservative traditions and its stable institutions, social demand could safely be ignored. Then, successive generations of political economists, although prefacing their studies with a definition of political economy as the science dealing with the consumption as well as with the production, exchange, and distribution of wealth, found nothing to say about consumption except, perhaps, a few stale platitudes. In comparatively recent years, problems of demand came under discussion, and aggregate and joint demand were analysed. But these are quite distinct from social, or collective, demand; aggregate demand differs from social demand as the will of all differs from the general will, and problems of social demand still await adequate examination. Every political society from the nomad tribe to the sovereign nation, builds up, gradually during the course of ages, its own civilization and distinctive culture, its own ethos; it has its own religious creed or complex of creeds; its own art in all the aspects of literature, painting, sculpture and music; and its own conventions in the daily round of life: part of this large process is the building up of a system of informal education by which each citizen, quite apart from all formal instruction, is moulded as a member of that particular society, and develops social wants, which he experiences only as a member of that society and can satisfy only as a member of that society. Religious, political and aesthetic needs do not, as such, come within the scope of economics; nevertheless, all cultural needs have an economic aspect because they find organized expression only as economic wants, as demand. It is a matter of economic indifference whether a man sings in his bath or says his prayers, but social hygiene and common prayer involve organization and expenditure; we build cathedrals with the same coins that are current in the market place, and the money in the temple treasury bears the image and superscription of Caesar, so that the good housewife, who tries to get marginal value for her expenditure, must be no less careful in her charities and recreations than in buying beef or

butter. Every social want, then, has its economic aspect, and in any community the resultant of such social wants is the economic aspect of its civilization or, in other words, the social demand of the community taken as a whole. But, in a plural society, social demand is disorganized; social wants are sectional, and there is no social demand common to all the several elements.

(*c*) *Distinctive Characters.* This disorganization of social demand in a plural society has far-reaching effects; it is the root cause of all those properties which differentiate plural economy, the political economy of a plural society, from unitary economy, the political economy of a homogeneous society. Of necessity it raises the economic criterion to a new place in the scale of social values. For there is one place in which the various sections of a plural society meet on common ground—the market place; and the highest common factor of their wants is the economic factor. They may differ in creed and custom, in the kind of music or style of painting they prefer; the members of different sections may want one thing rather than another; but if they want the same thing, they will all prefer to get it for twopence rather than for threepence. Individuals of all sections have in common, in greater or less degree, the economic motive, the desire for profit; and they all join, more or less consciously, in forwarding the economic process, the natural law of the survival of the fittest in the economic world, by which the cheaper product tends to supplant the dearer. It is common sense to pay twopence rather than threepence, and any one who can produce a commodity for twopence will be able to undersell competitors who cannot produce it for less than threepence. But, in a unitary society, the working of the economic process is controlled by social will, and if the cheaper vendor cuts the price by methods which offend the social conscience, he will incur moral and perhaps legal penalties; for example, if he employs sweated labour, the social conscience, if sufficiently alert and powerful, may penalize him because aware, instinctively or by rational persuasion, that such conduct cuts at the root of social life. Thus the test of cheapness is valid only in the economics of production and not throughout the whole of social life; it is a standard applicable to supply but in-

applicable to demand, and the keenest advocate of cheap production may be equally the stout adversary of sweated labour. Yet in a plural society the economic test is the only test which the several elements can apply in common; all other tests involve considerations transcending common sense and may be regarded as ultimately religious in their character; in the application of such tests reason is no final authority and their validity depends on a conflict of will. Within a society of this type the rules of international morality apply, and the mutual relations of the elements of a plural society tend to be governed solely by the economic process with the production of material goods as the prime end of social life. The fundamental character of the organization of a plural society as a whole is indeed the structure of a factory, organized for production, rather than of a State, organized for the good life of its members. Organization of this type, for economic rather than for social ends, and the accompanying lack of a social demand common to all sections have a vital reaction on the internal structure of each section.

One consequence of the emphasis on production rather than on social life, which is characteristic of plural society, is a sectional division of labour; although the primary distinction between the groups may be race, creed or colour, each section comes to have its own functions in production, and there is a tendency towards the grouping of the several elements into distinct economic castes. We have noticed that in Canada an Englishman cannot find work on the railways because this is a prerogative of the peoples of Southern or Eastern Europe; if he can find no work that an Englishman may do, he must live on charity or starve; thus in Canada there are castes with a double character, racial and economic, much as in British India although, of course, far less sharply defined. Although in British India the European caste is often overlooked, there are many economic functions from which the European, as European, is debarred. He cannot dig, to beg he is ashamed, and, if he is reduced to begging, he is deported, as beggary is a prerogative of the Natives. Moreover, as with the Indian castes, the European caste has a quasi-religious sanction in the doctrine of the racial superiority of Europeans. Similarly in Java, where, even in Hindu times, caste never seems to have been so rigid as in

British India, the present distribution of economic functions coincides largely with racial differences, and certain occupations are reserved, partly of deliberate intention but more by the working of the economic process, for Europeans, others for the Chinese and others again for Natives; and although it may be true that the Chinaman encroaches upon both Native and European spheres, he is able to do so only because he is more apt than either as a medium for the working of economic forces.

This distribution of production among racial castes aggravates the inherent sectionalism of demand; for a community which is confined to certain economic functions finds it more difficult to apprehend the social needs of the country as a whole. In a homogeneous society the soldier looks at social problems from the standpoint of the soldier, the merchant looks at them as a merchant and the cultivator as a cultivator; yet at the same time they regard such problems from the standpoint of a common citizenship, and the soldier, merchant or cultivator cannot wholly disregard the views and interests of other classes. In every community there is a conflict of interest between town and country, industry and agriculture, capital and labour; but the asperity of conflict is softened by a common citizenship. In a tropical dependency, however, the conflict between rival economic interests tends to be exacerbated by racial diversity. Thus, in British India, one finds Europeans in the towns, directing industry and owning capital, and Natives up-country, engaged in agriculture and owning little but their labour. In Netherlands India, during the Liberal period, the chief European interest lay up-country in the sugar estates, so that, although there was a sharp clash of interest between the planters and the people, yet rural and agricultural interests were largely at one with those of capital and prevailed over urban and industrial interests. During the present century, however, as has already been remarked (p. 407), conditions have come to approximate more to those of British India, with capitalist and industrial interests concentrated in the towns; and the collapse of the sugar business under the impact of the crisis must carry this tendency much farther. In proportion as conflicting economic interests are complicated by racial diversity, all members of all sections find a greater

difficulty in regarding social problems from the standpoint of the common weal, and demand, like production, becomes sectionalized. Plural economy differs then from a homogeneous economy firstly because, in place of a social demand common to the whole society, there are two or more distinct and rival complexes of social demand proper to each constituent element; secondly, by the grouping of production into castes; and, thirdly, by the further sectionalization of demand which follows when the social demand, proper to each constituent element, ceases to embrace the whole scope of social life and becomes concentrated on those aspects of social life falling within its separate province.

There is still a further consequence, that within each section the economic side of life is emphasized. As Dr Boeke writes, in the Western or Westernized element in the economy of Netherlands India, "there is materialism, rationalism, individualism and a concentration on economic ends far more complete and absolute than in homogeneous Western lands; a total absorption in the Exchange and Market; a capitalist structure, with the business concern as subject, far more typical of Capitalism than one can imagine in the so-called 'capitalist' countries which have grown slowly out of the past and are still bound to it by a hundred roots."[1] That is true of European society, and still more conspicuously true of the Chinese element. Consider, to take merely one instance, the oppression and extortion to which the Javanese *batik* workers were subjected by their Chinese employers; this engaged attention so far back as 1892, was denounced by Fock in 1904, but still remained unchecked and led in 1911 to the riots in which *Sarikat Islam* had its origin. The business concerns which require the chief attention of the factory inspectors are those owned by the Chinese. Again, one might have expected, both on political and economic grounds, that no section of the community would have been more opposed than the Chinese to economic penetration by the Japanese; but, when the Japanese began to flood Java with imports and were boycotted by Dutch import-agents, the Chinese lent themselves so readily to Japanese economic aims that the boycott by Dutch firms had to be abandoned. But it is unnecessary to labour this point, for the single-minded

devotion of the Chinese to economic ends has been a favourite theme of European writers from the time of Raffles and earlier.

In the native community the modern emphasis on economic values is less clearly marked, and Dutch writers even contrast the "pre-capitalist" organization of native society, where economic values rank so low that the principles of orthodox economics are inapplicable, with the "capitalist" organization of the European group, where the economic motive is supreme; it is this contrast between the pre-capitalist and capitalist social orders which they have in mind when referring to the "dual economy" of Netherlands India, and it may be well, therefore, to repeat the warning that here the term "plural economy" has a different connotation, and signifies the economic aspect of a plural society such as, according to Gonggrijp,[2] prevailed even in Hindu-Java, which was certainly pre-capitalist in both its elements. For the present we may leave aside the question whether policies directed by the principles of orthodox, or Liberal, economics, can promote native welfare; but we must note that, among writers of this school and, indeed, among the generality of Dutch writers on colonial affairs, there is a tendency to stress the lack of economic motive among Natives, and the failure in the native community of the economic process by which the cheaper commodity displaces the more costly. "The Javanese cultivator, for example, who is largely shut off from a money economy, must watch his surplus rice go bad while he cannot buy clothes; he must maintain his cattle, for which at the time he has no use, because a neighbour, who might use them to advantage, has nothing to offer for the hire or purchase of the beasts; together with his family, he must sit idle with his arms crossed, although he knows that within a few months, when field labour is in full swing, he will be short of hands; in extreme need, he can pawn his wife's brooch, but not her earrings, which *she* finds so much prettier, because *he* knows that the pawnshop will give practically nothing on them; thanks to the clump of bamboos in his compound he has all that he wants and more in the way of houses and out-houses, but he must carry on with his worn-out ploughshare and his broken pickaxe, because he has no money to buy new ones.... In such circum-

stances there can be no ordering or distribution of wants according to value in use or value in exchange, or according to economic seasons; but there prevails a parti-coloured pattern of all kinds of incommensurable values."[3]

Many similar accounts on all sides compel the enquiring visitor to accept the fact that village life in Java is more "pre-capitalist", more oriental, even than in British India, where the working of the economic process has been hindered by the restraining influence of caste, and very much more oriental, far less "modern" than in Burma, where the social order lacks the protection which caste affords against excessive individualism; for in British India capitalism has made great progress among Indians who have come into contact with the West, and in Burma, the people, though in general less prudent and far-sighted than Europeans, Indians or Chinese, look no less sharply than others to the main chance in business and are no more than others inclined to disregard such profits as may legitimately, or illegitimately, accrue. It may be admitted that one does find or, not many years back, did find parts of Upper Burma, then recently under native rule, where, at least to some extent, village custom prevailed over economic tendencies; but in the rice plains of Lower Burma it has long been noticed that transplanting tends to replace broadcast sowing, wherever the extra produce overbalances the extra cost, and, even many years ago, in the centre of Upper Burma "customary wages" for field labour proved on examination to have an economic basis. The visitor will be disposed, therefore, to enquire whether the peoples of Netherlands India are quite so insensible of the economic motive as has sometimes been suggested, and whether the failure of the economic process may not be due to historic circumstances working on the social environment rather than to the innate character of the people; and in the course of this study of their social and economic development many facts give point to such a question.

We have noticed that, in the early days of Dutch rule, the people took to new crops when these were profitable, and that a rise of price for any commodity increased the supply to an extent that was sometimes embarrassing, whereas a fall in price led to a shortage of supply. It may be argued that these varia-

tions were due to official stimulus, but we are told that officials failed, even by penalties, to prevent the people from cutting down their coffee plants when prices were inadequate, and it must have been more difficult to make them plant crops; thus the variations in supply would seem to have an economic explanation in variations of demand. A few years later Muntinghe tells how people had taken to specializing in tobacco and vegetables, and again a few years later we find Van Hoëvell, even at the height of the Culture System, reporting that there had grown up in East Java a differentiation of function purely economic in character. During the present century the successive economic surveys have shown that a rise in prices is followed by enhanced supplies, and one can trace this sequence in the annual returns of cultivated areas. Again, although native agriculture is largely for home consumption, we are told of native money-lenders who add field to field no less rapaciously than the *banias* of British India, and it is not quite easy to accept as wholly satisfactory the explanation sometimes put forward that in this matter they aim at improving their social status rather than their economic standing. We have seen likewise that for a hundred years or more the people have moved about with some freedom in order to better their economic condition. Moreover, among some classes, notably the people of Menangkabau, there are individuals who can hold their own against the Chinese, and the native *hajjis* have long been a byword for extortion. Then again we have remarked that during the present century, and perhaps earlier, Javanese merchants built up an important business in trading in dried fish, which they cured and sent up by train-loads to the sugar estates. Even in industry the Natives have made some headway; they gave a lead in the ginning of kapok, although driven out later by Chinese competition, and in the manufacture of native cigarettes they have managed to withstand Chinese encroachment; in the Consular Reports one can read how native plantations have come to treat their rubber by European methods. Again, one is impressed by the avidity with which Natives in Java, as elsewhere in the East, have seized on the opportunity given them by the petrol-engine to set up in business on a small scale with taxis and motor-buses. One must recognize that a superficial survey by an outsider

carries little weight in comparison with the intimate knowledge of native life possessed by Dutch students, who know it almost from the inside and can see below the surface; yet these circumstances make it difficult, except from deference to their authority, to acquiesce in their view as to the absence of the economic motive in the native community.

It is, of course, hardly questionable that under native rule in a "pre-capitalist" age, the economic motive was of subordinate importance, and the consistent policy of the Dutch Government to conserve, so far as possible, the native social order must have tended to keep it of subordinate importance, so that this policy, with all the benefits which were implicit in it, omitted to cultivate the development of economic activities among the people. But the economic side of life did not suffer merely from neglect. For nearly three hundred years, under the Company and under the Culture System, the motive power of labour was compulsion and not profit, and, as the people were living in a non-economic world, shut off from the working of economic law, it is not strange, as has already been suggested, that their economic sense grew feebler even than it had been under native rule. These conditions did not end with the Culture System; in the first reaction against the over-stimulus of export crops, zealous Dutch officials, sympathetically anxious about the food supply, encouraged the people by "gentle pressure" to grow long-lived paddy, even where the soil and water were unsuitable. Then, again, we have noticed, within quite recent years, opposition by planters and officials to attempts made by the people to better their condition by cultivating sugar. On the other hand, throughout the whole period of Dutch rule, the Chinese have been strengthening their position by building up a barrier, growing ever more formidable, to shut the Native off from industrial development and from stimulating economic contact with the West. In spite of this, we find the Javanese establishing an important business in dried fish, manufacturing native cigarettes, and running buses and taxis, and it would seem that, as in Burma, in proportion as supply and demand are native, the whole industrial process, from producer to consumer, tends to remain in native hands. In any case, if the people are really so defective in economic sense as many Dutch writers suggest, the history of their social en-

vironment provides a sufficient explanation, without attributing this defect to the character of the Native, as Native.

But our present concern is to show that in the native community, as one section of a plural society, there is a new emphasis on economic values, and, the more fully we accept the view that in the pre-capitalist age economic values were of subordinate importance, the more impressive is the evidence, summarized above, that they now rank far more highly than in former days. From this standpoint it is of comparatively little significance that among the mass of cultivators the attention paid to agricultural products varies with the course of prices; what is significant is the growing number of those individuals "who have adopted a Western mentality as their own, and who possess and use those qualities which modern capitalism requires of its representatives". "What grounds can be alleged", asks Dr Boeke, "for cultivating within the native community a native capitalist class, a class of people who think and act on Western lines?" And he replies: "The answer can be given short and sharp; because this class exists, proclaims itself and demands recognition."[4] But these are just the people who claim to be, and in great measure are, the leaders of the people. They have adopted and, rightly or wrongly, are holding out capitalist principles as the norm of social life. With the Natives, as with Europeans and Chinese, economic values are emphasized more than in a homogeneous Western society, and far more than in a purely oriental "pre-capitalist" society; and all sections of the community, including the Natives (so far, at least, as they have come into contact with the West), have adopted as the principles of social policy those economic principles which are valid only in the economics of production.

This concentration on production tends in itself to make for the disorganization of demand within each section; the merchant who is wholly absorbed in money-making has little interest or leisure for the arts of social life. And still another factor in the disorganization of demand arises from the tendency of cultural standards to degenerate and of cultures to decay when set alongside a culture of a different type. This is quite distinct from the disorganization of demand which arises from sectionalism. In a unitary State with a homogeneous society, the

soldier, the merchant and the cultivator have their different functions in production, but they have a common life as citizens; the soldier may prefer military marches and the cultivator pastoral airs, but it is quite possible that the cultivator will assuage his thirst for blood by listening to military marches and the soldier may dream of peace to the music of the shepherd's pipe. In a plural society, however, each lives within a closed compartment and life within each section becomes narrower; the Eastern harp is no longer attuned to martial strains, while the typical Western orchestra is the military band; to most Europeans oriental music is unmeaning, and to Orientals a band of fife and drum is just a noise. As with music, so with the other arts and graces of humanity; the social heritage of each community takes a bias and is incomplete.

That, however, is distinct from the further process of degeneration in which cultural standards lose their sharpness of outline and become uncertain. We have noticed that by 1930 Europeans in Java, and especially in Batavia, had come to enjoy the amenities of Europe in a degree which made the social life there seem almost European to visitors from British India; Batavia had bookshops that would grace the Hague; one could purchase coloured reproductions of a high order covering the whole range of modern painting, and even good European pictures; and one could listen to good music. What the Dutch have accomplished in the promotion of cultural life among the European community during the past generation is marvellous; but this has been accomplished through the deliberate organization of demand by a few leaders of European society acting through the *kunstkringen* and is not a natural outgrowth of social life like cultural progress in Europe. Moreover, even at its best, the cultural life of Europeans in Batavia cannot, by European standards, be better than provincial, imitative; and, in the tropics generally, normal conditions are more like those described by Chailley-Bert at the beginning of the century, when he found the Europeans culturally inert or dead. There is always a danger likewise that, not merely cultural standards, but moral standards also will degenerate in regions where "there ain't no ten commandments" and, unless these are enforced by social taboos more rigidly than in Europe, the result may be

conditions such as obtained in Sumatra when the scandals brought to light in *Millioenen uit Deli* compelled even Cremer, the foremost defender and representative of the European community of Deli, to admit a "total collapse of morality".

But, in a plural society such as Netherlands India, if cultural standards are so apt to degenerate among Europeans, it is far more difficult, or even impossible, for the native community to maintain its standards. Traditionally it has been the deliberate policy of the Dutch to maintain the native social order; but, although the outward and visible aspect of native society under Dutch rule may show little change, its centre of gravity has been displaced, it hangs down from above instead of standing firmly on its own base. Pressure from outside, under the Company, still more under the Culture System and little if at all less under the Liberal System, led to the communal ownership of land, distorting native tenures and ideas of land-holding, and dissolving the normal bonds of social life. Cheap imports smashed the native economic system and straitened the sphere of native arts and, during nearly three hundred years of passive acquiescence in European superiority in all practical affairs of life, there was an inevitable degradation of native culture. Then, when occasion allowed, there was a reaction in the form of Nationalism, a fever of the body politic trying to throw off the ills impairing its vitality; and the Nationalist leaders, dazzled by Western superiority and trying to copy the West in things in which the secret of its strength was thought to lie, are contributing still further to break down the native social order.

In a plural society, then, the community tends to be organized for production rather than for social life; social demand is sectionalized, and within each section of the community the social demand becomes disorganized and ineffective, so that in each section the members are debarred from leading the full life of a citizen in a homogeneous community; finally, the reaction against these abnormal conditions, taking in each section the form of Nationalism, sets one community against the other so as to emphasize the plural character of the society and aggravate its instability, thereby enhancing the need for it to be held together by some force exerted from outside.

3. *Plural Economy and Orthodox Economics.* How far then are the principles of orthodox economics applicable to a plural society? Dr J. H. Boeke, in *Tropisch Koloniale Staathuiskunde*, the stimulating and original contribution to the study of colonial economy with which he first made his name, put forward the thesis that Western economic principles had no validity in tropical dependencies because the axioms on which they rested did not hold good of native life and because the conditions in such dependencies differed so widely from conditions in the West. Twenty years' experience in Java confirmed him in this view, and in a recent study he argues that "the dualistic community needs a double, or even threefold theory: one theory for the Western part, one for the oriental part, and one theory with a combined basis for the phenomena which appear in the contact between the two parts".[5] He argues forcibly that the application of Western economic principles to the native social order has given, and is bound to give, unsatisfactory results, and it would be easy to illustrate this thesis from Burma, and probably over British India as a whole. One explanation may be, as he contends, the different place of the economic motive in the social scales of East and West; but, as indicated above, the experience of the present writer in Burma inclines him to question whether Dr Boeke's intimate acquaintance with native life in Java may not dispose him to emphasize too strongly the contrast between the capitalist and pre-capitalist social orders, and to hesitate in accepting the view of Dr Boeke that the central problem of economic policy in a tropical dependency is, in essence, wholly or mainly one arising out of the contact between these social orders.

This question, however, is not intended to cast doubt on Dr Boeke's main thesis that Western economic principles are, at best, of limited application in a tropical dependency. Western economic theory takes for granted the desire for progressive welfare and, taking wants for granted, the basic problem of economic science in the West is how to provide more adequately for the satisfaction of wants. That was the aim of the Mercantile economists no less than of their Liberal successors, and the difference between the two schools was merely one of method. When Adam Smith was laying the foundations of modern economic science, it was essential for economic progress that

the barriers hampering production should be broken down and production enhanced by giving a free rein to individualism and economic enterprise. The law as it then stood reflected the process, largely unconscious, of the gradual organization of society by a prolonged conflict of forces in which will had played a greater part than reason; it hindered freedom of enterprise and, as the new economic theories made headway, the law had to be refashioned. Thus, alongside the new rational theories of Liberal economic science, there took shape a new theory of political science, also purporting to be based on rational principles, the theory of Utility. Liberalism and Utilitarianism grew up side by side, interwoven so closely that they could hardly be distinguished and, under their combined influence, the view came to be accepted that the functions of the law should be restricted to the maintenance of order; on this view Liberal economists sought the key to economic welfare in freedom of economic enterprise within the limits of the law thus narrowed in its scope. At that time, in conservative England, it was still possible to disregard social demand because the bonds of social order were so strong that they could be taken for granted; with the passage of time, however, it appeared that economic freedom tended to the disintegration of society, and social legislation, imposing limits on economic freedom, came to extend over an ever wider field. But this new legislation did not invalidate the principles of Liberal economists within the sphere of their original application, the production of wealth. It was on the production of wealth that they concentrated their attention; they insisted on the universal validity of the economic process, by which the cheaper or more efficient method of production tends to displace more costly or less efficient methods. Liberalism had, what Utilitarianism only purported to have, a hard core of scientific principle; it went wrong mainly in holding that this principle of the production of wealth could be extended over the whole field of human welfare. For nearly a hundred years English economists held that the principle of free enterprise was the one and all-sufficient key to social welfare, and Mill was the first leader of Liberal and Utilitarian thought to attain a clear grasp of the distinction between the economics of production and the economics of demand.

The arguments of Adam Smith carried conviction among Liberals throughout Europe, in the Netherlands as elsewhere. But, as we have seen, in Netherlands and in Netherlands India, it soon appeared that the free working of the economic process would relegate peoples less happily situated than the English of that time to a position of economic, and therefore of political, inferiority. The result was a reaction in favour of a national or planned economy, of which the policy of Van den Bosch in Europe and the East was a conspicuously successful instance. Within the law, within the framework of a homogeneous society, such as that of England in the eighteenth century, freedom of enterprise contributed to economic progress and the general diffusion of welfare; but outside the law, in international relations, statesmen found it necessary to set up barriers against the free play of economic law in international affairs. They could do so because they represented sovereign peoples, and were able therefore to regulate the economic process in what they conceived to be the interests of national welfare and of the national society taken as a whole. Yet the fundamental object of their policy was the same as that of the Liberal economists in England; for all of them the basic problem of economic science was to provide more adequately for the satisfaction of wants. As Dr Boeke points out, although List in his National Economy aimed at creating national industries, his object was to meet requirements which were already felt; the main difference between List and the Liberal economists was that circumstances impelled him to bring into a clear light the organic character of society which Liberal economists in England could safely disregard, and the Liberal economists, no less than List, assumed that the basic problem of political economy is to promote the welfare of the community as a whole.

Here then we would seem to have one reason, perhaps the chief reason, why Western economic theory is but of limited application in a tropical dependency. The reason lies in the political constitution of a tropical dependency as a plural society; because in a plural society there is no community as a whole, and problems of political and economic science differ fundamentally from those of homogeneous societies. In a homogeneous society the basic problem of applied political science is how to

provide most adequately for the expression of social will; in some circumstances this may best be achieved by the machinery of a representative assembly, in other circumstances by submission to a benevolent autocrat or to a dictator. But in a plural society the basic problem of political science is far more elemental; it is impossible to provide a vehicle for the expression of social will until there is a society capable of will, and the basic problem of political science in such a community is the integration of society. Dr de Kat Angelino hints at this when he remarks that in normal conditions Society is the parent of the State, whereas in Netherlands India the pressing burden on the State is the creation of Society.

The political constitution of a plural society is reflected in its political economy. In a homogeneous society the basic problem of applied economic science is how to provide most adequately for the satisfaction of wants, including the social demand of society as a whole. In some circumstances this may be achieved by allowing complete freedom of enterprise and in others by collective submission to a planned economy; but in both cases the object of economic policy is identical, the satisfaction of the wants of the community as a whole. In a plural economy, however, there is no community taken as a whole and with a common social demand. Where such an economy obtains the basic problem of economic science lies far deeper; it consists in the integration or organization of demand.

It would seem then that in homogeneous and plural societies the practical ends served by political and economic science are quite distinct: in the former the end of political science is to provide most adequately for the expression of social will, and the end of political economy is to provide most adequately for the satisfaction of social and individual demand; whereas in a plural society the ends are respectively to integrate society and to organize social demand. If that is so, then, as Dr Boeke contends, but for a somewhat different reason, in tropical dependencies measures based on Western economic principles must necessarily yield unsatisfactory results. In such a society the constituent elements are relatively in much the same position as independent political societies, and the protection of each social order against the free play of the economic process

is essential for the same reasons as led to the building up of a planned economy in the Netherlands and elsewhere during the first half of the nineteenth century. And yet all the distinct social orders are comprised within a single State, and they cannot suddenly be torn apart without plunging into anarchy the whole society and all its constituent elements. In some ways the position resembles that of Europe during the early days of the Reformation, when men of different creeds lived side by side within the same region but in different spiritual worlds, and it contains elements of conflict no less bitter and prolonged. Probably that conflict will be settled by will rather than by reason, but it would seem at least advisable to examine how far reason may take us in laying down principles of political and economic science specially applicable to the conditions of a plural society.

4. *Resolutions of Plural Economy:* (*a*) *Caste.* In this connection it is significant that the outstanding instance of a stable plural society may be found in British India, where caste has given a religious basis to inequality. The value of Hinduism as a political device is suggested also by the history of Java, where the supersession of Buddhism by Hinduism coincided with the emergence of Majapahit as a political power of the first order; Buddhism, like Christianity, is inconsistent with legal inequality, but Hinduism fortified the plural social order by giving inequality a religious sanction. Again, in modern times, the doctrine of "Aryan" superiority has afforded a quasi-religious sanction for the predominance of the European caste both in British India and in Netherlands India. But that view is passing, and most people would attribute the predominance of Europeans, so far as it does not rest merely on force, to the chain of historical accidents which has endowed the West with the discipline of Rome, the intellectual curiosity of Greece and the Jewish conception of the moral law as re-interpreted by Christ. That Europeans, while seeking primarily their own material advantage, have brought their subjects in tropical dependencies into contact with these invigorating principles of Western social life is perhaps the best justification of European intervention in the East. But they are incompatible with the policy of *rust en orde*, which for so long guided Dutch rule; they imply not rest but

movement, progress, as the goal of policy, and they are incompatible therefore with the principle of caste. "We cannot rest content", says Snouck Hurgronje, "with measures which serve to strengthen our rule by preventing discontent and opposition. Our goal is not the quiet, formerly so valued, but progress." (*Wij kunnen het echter niet laten bij maatregelen die dienen om ontevredenheid en verzet bij de bevolking te voorkomen en zoo ons gezag te bevestigen. Niet de voorheen zoo geprezen rust is ons doel, maar beweging.*)[6] No one can be impressed more forcibly with the immense value of caste in buttressing the social order than one who has witnessed the dissolution of society where, as in Burma, the people has had no such armour against the solvent forces of individualism and the economic process. But caste and social progress are conflicting principles, and a European cannot accept a social order built on caste without renouncing his heritage and acquiescing in stagnation; neither will Orientals acquiesce in a position of permanent inferiority. For European and Oriental alike caste affords no prospect of a final resolution of the strain inherent in a plural society.

(*b*) *Law.* The Portuguese may seem to have broken away from caste in their ready acceptance and, indeed, deliberate policy of intermarriage with their native subjects; but their aim was rather to superimpose on the native social order a new caste of Christians. The Dutch likewise assimilated Indos in a superior caste of Europeans, and the first departure from the principle of caste as the basis of society was the introduction by the English of the principle of law. Equality before the law, and economic freedom within the law, were the postulates of Liberalism and Utilitarianism and, during the nineteenth century, these, with some qualifications, were the guiding principles of English rule in British India. But in a society which has no common bond but law, Right is superseded by Legality, and the only Duty is not to be found out; such a society is founded on private right and not on social duty. Where this principle obtains, then in all affairs, public or private, the only test recognized as valid by all members of the community is the test of common sense, the economic test: whether the action contemplated is economically profitable or otherwise. If the law professes to abstain from interference with the working of the

economic process—the substitution of more for less efficient methods of production or, rather, of cheaper for more costly methods—and imposes no restraint on the economic motive, the individual desire for gain, then the real basis of society is not the law, but the economic process which the law protects and favours, and the society as a whole is wholly confined within the limits of its material environment. In a society so constituted one may expect material progress and the promotion of capitalist interests, but one must expect also the growth of litigation and, in proportion as the principle on which the society is founded becomes effective, the multiplication of disorder and crime. Among the native population in particular it breeds wants which cannot be satisfied and, as Dr Boeke remarks, stimulates unrest and not activity (*nimmer roerigheid maar slechts onrust*).[7]

In Netherlands India the introduction of the principle of law by Raffles barely outlasted the restoration of Java to the Dutch. Society in Java was not, as in British India, protected by caste against the ravages of individualism, and we have seen how, even during the brief period when policy was directed by the influence of Raffles, the rule of law threatened to undermine not merely the foundations of native society but also the Dutch power. There can be little doubt that, in reversing the policy of Raffles, Van den Bosch saved Java from the litigation which is a curse of British India, and from the aristocracy of native lawyers and money-lenders which is typical of British India outside the Native States; and further that, in basing rule on authority rather than on law, he substituted order for disorder and allowed native society a better chance to adjust itself gradually to the new conditions brought about by its incorporation in the common civilization of the world. It is true that the policy of Van den Bosch condemned the vast bulk of the people to be cultivators and coolies; but this would have been their situation no less if, without regard for the plural character of society, they had been left under the rule of law. Even in British India the principle of law as the basis of society was never carried to its logical extreme. In other regions where plural societies obtain, as in South Africa and the United States, the principle of law, though recognized in theory, has never been accepted in practice, and now is less in favour than a few

years back. In Java under its own princes, as elsewhere in the East, rule was based on Will, limited by custom and consent, but unregulated by Law. It was a step forward when the Liberals substituted the rule of Law, even although Law was uninformed by Will. But the rule of Law uninformed by Will can lead only to the dissolution of society; and this principle, like the principle of caste, cannot serve as a foundation for the rebuilding of a plural society which shall hold its own in the modern world.

(*c*) *Nationalism.* In British India, however, the principle of Law as the sole foundation of society was definitely abandoned in 1917 in favour of Nationalism based on Democracy. This was a sharp reaction from the materialist conception of society which had hitherto prevailed, because, for the first time, it formally recognized the validity in political affairs of some test not purely economic, and of some criterion other than common sense; it signified that social problems were no longer to be regarded solely from the angle of material production, but from the angle of social life. It then became possible in theory to organize demand, and it is notable that since that date measures for the reorganization of village life have increasingly engaged attention. But difficulties have already been experienced in applying the doctrine of Nationalism where there is no nation. Setting aside the problems that arise when British India is regarded as a whole, it might seem at first glance that some at least of the constituent federal units had the character of a unitary society and might be capable of development as national units. Few, however, would seem to be so clearly marked as Burma for a region where nationalist doctrines should be applicable with success; the Natives themselves, by a vast majority Burmese, are homogeneous, with a single language, and practically all Buddhists; not divided by caste and with a strong national feeling which is no new development but has grown up through a common history of many hundred years. Yet the structure of society in Burma, by the working of the economic process during fifty to a hundred years of British rule, has become notably plural, with certain functions discharged by Europeans, others by Indians, others by Chinese and others, mainly the cultivation of the soil, by Burmans; and with each

of these classes living in its own social world and rarely coming into contact with the other classes save within the sphere of economic life. Democratic principles imply that the preponderance of voting power shall be entrusted to the people; yet economic power remains with the other classes, and chiefly with the Europeans. As in Netherlands India we have the economic rivalry of town and country, capital and labour, industry and agriculture, aggravated by racial difference; and with economic power on the one side and voting power on the other side, the future of the country under the accepted principle of Nationalism can hardly be envisaged with composure. The principle of Nationalism provides no solution in itself, for, in a plural society, nationalism is in effect internationalism. Nationalism arose during the nineteenth century as a reaction against the international theories of Liberalism, when sovereign States found it necessary to protect their social organization against economic forces to which they could oppose no argument of reason. Similarly, within a plural society, the welfare of the several elements can be safeguarded only by a conflict of will, in an argument where voting will carry very little weight except as an index to the force behind it. The recognition in 1917 of the principle of Nationalism has made it possible to work for the organization of society; but Nationalism within a plural society is itself a disruptive force, tending to shatter and not to consolidate the social order.

(*d*) *Federalism*. That is one reason why the Dutch solution deserves attention. Both in political and economic theory the Dutch recognize the plural, or, as they prefer to say, the dual character of society. The nearest approach to such a view in English political literature is probably the theory of the dual mandate, which regards the suzerain power in subordinate dependencies as doubly charged with a duty to the world in the exploitation of the economic resources of the dependency, and a duty to the people to consult their welfare and, in most statements of the theory, to devote especial care to the conservation of the native social order by a policy of Indirect Rule. This solution, in its acceptance of the plural character of such societies, may be termed the Federal solution; for it recognizes that each several constituent of the social order has many

characters of the unit of a political federation and differs from such a unit mainly in its lack of territorial integrity. One advantage of this solution is that it brings into relief the distinction between the basic political and economic problems of a plural society: the economic problem is the organization of demand, and this must, in the first place, be attempted separately for each constituent element; whereas the political problem is the integration of society, and this involves not merely the organization of social life within each constituent element but the fitting of all the elements together into one social framework. Whether the Federal System of the Dutch or the Nationalist System of the English will be more successful only time can show; if, that is, time allows for the conduct of either experiment to any end but anarchy.

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NOTES

[1] Boeke, *Dualistische Samenleving*, p. 781.
[2] Gonggrijp, *Schets*, pp. 9, 18.
[3] Boeke, *Dualistische Samenleving*, p. 788.
[4] Boeke, *Opmerkingen*, pp. 5, 8.
[5] Boeke, *Dualistische Samenleving*, p. 801.
[6] Hurgronje, *Nederland en de Islam*, p. 78.
[7] Boeke, *Opmerkingen*, p. 3.

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i. 13

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Chap. XIII. xiii. 452, 454, 460

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Chap. XIII

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Chap. IV. iv. 108, 110; v. 117, 119; vi. 149, 150

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Chap. X. x. 334

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viii. 230, 232; ix. 267

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Chap. IV. iv. 103, 105; v. 129
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xi. 357
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v. 122; vii. 211
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Chap. IV. iv. 82
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Chap. III. iii. 69, 76; iv. 89
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Chap. VIII. viii. 253, 254
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Chap. XI. viii. 247; xi. 357
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Chap. V
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viii. 228; ix. 272, 273
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Chap. VIII. vii. 186, 195; viii. 233
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xi. 393
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Chap. XI. xi. 357
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Chap. VII. vii. 194
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Chap. IX. v. 121; vii. 178; ix. 261, 263, 268, 293

GROOT VAN KRAAYENBURG, JHR J. P. C. DE. Over het Bestuur onzer Koloniën. (1862.)
Chap. III. iii. 56, 62, 63, 64, 75; iv. 93, 94, 100, 103, 109; v. 115, 116, 121; vi. 167; ix. 269

Haagsche Post.
xii. 435

HAAN, Dr F. DE. Priangan. 4 vols. (1910–12.)
Chap. II

HART, Dr G. H. C. Proceedings. 3rd Congress of Sugar Technologists.
x. 317

HASSELMAN, C. J. Algemeen Overzicht v. d. Uitkomsten v. h. Welvaart Onderzoek gehouden op Java en Madoera in 1904–05. (1914.) (*Mindere Welvaart.*)
Chap. X. vii. 214; xi. 394

— Eindverslag over het Onderzoek naar den Druk der Dessadiensten. (1905.) (*Dessadiensten.*)
Chap. VII. vii. 181, 184, 185, 186, 187, 216, 217, 221; ix. 293, 294; xi. 365

HEERES, Mr J. E., COLENBRANDER, Dr H. T., etc. Dagh-Register van Batavia. (1896– .)
Chap. II

HELFFERICH, E. Die Nied.-Indischen Kulturbanken. (1916.)
Chap. VI. vi. 169; vii. 197, 199

HOËVELL, Dr W. R. BARON VAN. Reis over Java. 3 vols. (1849.)
Chap. V. v. 128, 135, 137, 140; vi. 160

HOORWEG, A. Politie, Leger en Veiligheid in N.-I. (Ind. Genootschap, 1929, p. 357.)
ix. 298

HUENDER, Dr W. Overzicht v. d. Econ. Toestand van Java en Madoera. (1921.)
Chap. X. xi. 394

HURGRONJE, C. SNOUCK. Nederland en de Islam. (1911, 1915.)
Chap. VIII. viii. 226, 246, 251; xiii. 465

IDEMA, Mr H. A. Parlementaire Geschiedenis van N.-I. 1891–1918. (1924.)
Chap. VIII. viii. 229, 230, 233, 235, 241, 244; ix. 261, 271, 274; xi. 353, 354, 366, 392

JONGE, JHR J. DE. De Opkomst v. h. Ned. Gezag. 13 vols. (1862–78.)
Chap. II. ii. 20, 23, 27, 28, 29; iii. 62, 64, 65, 67

KARTINI, R. A. Door Duisternis tot Licht. (1911.)
vii. 242

KEMP, P. H. VAN DER. Oost-Indiës Herstel in 1816. (1911.)
Chap. IV. iv. 81, 84, 86; vi. 153

KEUCHENIUS, L. W. C. Handelingen der Regeering en der Staten-Generaal betreffende het Reglement op het Beleid der Regeering van N.-I. 3 vols. (1857.)
Chap. VI. vi. 158; vii. 187

KIELSTRA, Dr E. B. De Financiën van Ned. Indië. (1904.) (*De Financiën.*)
Chaps. IV, VIII. iv. 96, 98, 106; v. 131; vi. 172; vii. 193, 210; viii. 234

— De Vestiging v. h. Ned. Gezag in den Ind. Archipel. (1920.) (*Vestiging.*)
Chap. II. ii. 30, 34; vii. 176

KLEIN, J. W. DE. Het Preangerstelsel, 1677–1871. (1932.)
Chap. II. ii. 34

KLEINTJES, Mr P. Staats-Instellingen van Ned. Indië. 2 vols. (1929, 1933.)
General List. iii. 56; iv. 91; vii. 178, 181, 184, 192, 219; viii. 237, 246; ix. 267, 277, 278, 290; xi. 378

KOCH, Dr L. Wat Indië aan het Buitenland dankt. (Kol. Tijd., Nov. 1934.)
i. 10

KOLFF, Dr G. H. VAN DER. Bevolkings Rietcultuur in N.-I. (1925.) (*Rietcultuur.*)
x. 319, 321

— European Influence in Native Agriculture. (In SCHRIEKE, Western Influence, p. 103.)
v. 141, 143

KRAEMER, Dr H. De Neutraliteit in Godsdienstzaken. (Ind. Genootschap, 1929, p. 65.)
xi. 378
KROM, Dr N. J. Hindoe-Javaansche Geschiedenis. (1931.)
Chap. I. i. 8
KUYPER, Dr J. Ons Program. (1880.)
viii. 229

LABBERTON, D. VAN HINLOOPEN. Handboek van Insulinde. (1910.)
General List. vii. 199, 218; xi. 366, 378
LACEULLE, F. A. E. Eindverslag over het Desa-Autonomie Onderzoek. (1929.)
Chap. XI. xi. 381
LEKKERKERKER, J. G. W. Concessies en Erfpachten ten behoeve van Landbouw Ondernemingen in de Buitengewesten van N.-I. (1928.)
x. 315
LEKKERKERKER, T. J. The Bureau of Popular Literature. (n.d.) (*Popular Literature.*)
xi. 422
— Volkslectuur, Eenige Resultaten in 1930. (*Volkslectuur.*)
xi. 422
LIJNDEN, W. E. K. BARON VAN. De Econ. Ontwikkeling v. d. Inl. Landbouw. (Ind. Genootschap, 1925, p. 73.)
x. 319
LOGEMANN, Dr J. H. A. Over Indiës Staats Orde voor 1854. (1934.)
Chap. V. v. 126; vii. 187
LOUTER, Mr J. DE. Handboek v. Staatsen Admin.-Recht. (1914.)
Chap. VI. vi. 152, 154
LUCE, G. H.
i. 5

MACKAY, D. J. De Handhaving v. h. Ned. Gezag. (1867.)
Chap. III
MANSVELT, Dr W. M. F. Geschiedenis v. d. Ned. Handelsmaatschappij. 2 vols. (1924.)
Chap. IV. iii. 78; iv. 81, 83, 94, 97, 98, 103; v. 136, 142, 145; vi. 149, 152, 169; vii. 196
MEIJER RANNEFT, Dr J. W. The Economic Structure of Java. (In SCHRIEKE, Western Influence, p. 83.)
xi. 408, 411, 426
— De Hervorming v. d. Dessa. (Kol. Stud., Feb. 1919.) (*Dessa-hervorming.*)
xi. 381, 421, 426
MEIJER RANNEFT, Dr J. W. en HUENDER, Dr W. Onderzoek naar den Belastingdruk op de Inl. Bevolking van Java en Madoera. (1926.) (*Belastingdruk.*)
Chap. X. x. 320; xi. 395
MEIJER RANNEFT, Dr J. W., etc. Verslag naar de Oorzaken v. d. Ongeregeldheden, Bantam. (1927.)
Chap. XI
MERKUS, P. Blik op het Bestuur. (1834.) (*Blik.*)
Chap. V. v. 116, 139, 142
— Kort Overzicht der Financieele Resultaten v. h. Stelsel van Kultures. (d. Aug. 1834.) (*Overzicht.*)
Chap. V. v. 116
MIJER, P. Verzameling van Instructiën voor de Reg. in N.-I. (1848.)
Chap. II. ii. 26, 41, 46; iii. 59; iv. 108
MONEY, J. W. B. Java. 2 vols. (1861.)
General List

NORMAN, Mr H. D. LEVYSON. De Brit. Heerschappij, 1811–16. (1857.)
Chap. III
NYASSEN, Dr J. G. H. The Races of Java. (1929.)
Chap. I

Official Publications (Dutch; *see also* Periodicals, *and* Statistics):
Bijbladen. (Circulars.)
vii. 193; ix. 294; xi. 421
Handbook of the Netherlands East Indies. (1930.)
General
Het Cent. Kantoor v. d. Statistiek:
Hist. Ontwikkeling.
xi. 395

Official Publications (Dutch; *see also* Periodicals *and* Statistics):
Gedenkschrift, Pandhuisdienst. (1926.)
Chap. XI. xi. 359
Holl. Inl. Onderwijs Commissie, Eindrapport, *and* Résumé. (1930–31.)
Chap. VII. vii. 218; x. 345; xi. 364, 404
Indische Staatsbladen. (I.S.B.)
ii. 42; iv. 87, 92, 103, 108, 112; v. 117, 123, 124; vi. 157; vii. 193
Jaarboek van Ned. Indië. (1916.)
General List
Verslag, Handel en Nijverheid, 1930.
xii. 431
Verslag v. d. Commissie v. d. Staatsinrichting van N.-I. (1920.) (*Herzieningsverslag.*)
Chap. VIII. viii. 239, 243; ix. 272, 277, 289
Verslag v. d. Econ. Toestand der Inl. Bevolking, 1924. (1926.) (*Verslag Econ. Toestand.*)
Chap. X. x. 332; xi. 395
Verslag v. d. Comm. Welvaarts-Onderzoek. (*Welvaarts-Onderzoek.*)
vii. 195
Yearbook of the Netherlands East-Indies. (1920.) (*Yearbook*, 1920.)
vii. 206
Official (English):
Calendar of State Papers: Colonies-East Indies, 1625–29.
ii. 29
Consular Reports on the Economic Conditions of N.E.-I., 1922, 1924, 1928, 1931.
Chap. X
Manual of Netherlands India. (1918.)
General List
OOSTERHOFF, Mr Dr H. H. A. VAN GYBLAND. Het Groot Kapitaal in O. en W. Indië. (Ind. Gids, 1929, p. 127.)
x. 312
OPPENHEIM, Mr J., etc. Proeve van eene Staatsregeling voor N.-I. (1922.)
Chap. IX. ix. 278
OPPENHEIM, Mr J., etc. Memorie ter Aanvulling. (1923.)
Chap. IX. ix. 278

Periodicals (Annual):
Official:
Indisch (*formerly* Koloniaal) Verslag. (Verslag van Bestuur en Staat van N.-I.)
Chap. VIII. vi. 167; viii. 253, 254; xi. 355
Regeerings-Almanak.
vi. 167; x. 307; xi. 421
Java Bank, Annual Reports.
General List. Chap. XII. xii. 432, 434
Taal-, Land- en Volkskunde.
v. 117
Periodicals (Quarterly to Monthly):
De Indische Gids.
Koloniaal Tijdschrift.
Koloniale Studiën.
Periodicals (Fortnightly or Weekly):
Economic Bulletin of Netherlands India.
Econ. Weekblad voor Ned. Indië.
Chap. XII
PIEPERS, Mr M. C. De Politierol. (1868.)
Chap. v. v. 124; vii. 187
PIERSON, N. G. Koloniale Politiek. (1877.)
Chap. IV. iii. 67; iv. 94, 103; v. 134; vi. 161, 167
PRONK, L. De Bestuursreorganisatie Mullemeister. (1929.)
ii. 34; vii. 187; ix. 266, 267
PUTTE, I. D. FRANSEN VAN DE. De Regeling en Uitbesteding v. d. Suiker-Contracten. (1860.)
Chap. v. v. 136, 137; vi. 161, 167

RAFFLES, SIR T. S. History of Java. 2 vols. (1817, 1830.) (*Hist. Java.*)
Chap. III. ii. 47; iii. 55, 65, 66, 67, 68, 71, 76; iv. 107, 108
— Memoir on the Administration of the Eastern Islands. (1819.)
iii. 69
— Substance of a Minute recorded on 11 Feb. 1814, and other Documents. (1814.) (*Substance.*)
Chap. III. ii. 41; iii. 69, 70, 71, 72, 73

RAFFLES, LADY. Life and Public Services of Sir T. S. Raffles. (1830.) (*Life.*)
Chap. III. iii. 73
RENGERS, W. J. VAN WELDEREN, BARON. Schets eener Parlementaire Geschiedenis van N.-I. 1848–91. (1918.)
Chap. VI. vi. 155, 160, 161, 164; vii. 175, 184, 223
REUS, KLERK DE. Geschichtliche Ueberblick der Entwicklung der N.-O.-C. (1894.)
Chap. II. ii. 39
RIVET, P. Les Océaniens. (1930.)
Chap. I
ROO, L. W. G. DE. *See* Deventer, M. L. van
ROTHE, Dr CECILE G. H. Commodity Control in Netherlands India. (Commodity Control in the Pacific Area, 1935.)
Chap. XII. x. 308.

SCHRIEKE, Dr B. The Effect of Western Influence on Native Civilizations in the Malay Archipelago. (1929.) (*Western Influence.*)
General List. i. 18
SMITS, Dr R. E. De Beteekenis van N.-I. uit Internationale Econ. Oogpunt. (1931.)
x. 309
SOEPOMO. De Reorganisatie v. h. Agrarischstelsel i. h. Gewest Soerakarta. (1927.)
i. 12, 14; x. 314
SOERJODININGRAT, PANGERAN ARIO. De Ontwakende Cultuur van Java. (Ind. Genootschap, 1926, p. 46.)
xi. 425
SOEROTO, R. M. NOTO. De Eerste Organisatie van Indonesiers in Nederland. (Ind. Gids, 1929, p. 238.)
viii. 251
STAPEL, Dr F. W. Geschiedenis van Ned. Indië. (1930.)
General List
Statistics:
Jaarcijfers.
vii. 195; ix. 267; xi. 366
Landbouw Exportgewassen.
Statistics:
Prices, Price Indexes and Exchange Rates in N.-I. 1913–26.
Statistisch Jaaroverzicht.
Stat. v. d. Handel.
vii. 207, 215
Volkstelling, 1930.
STEIGER, G. N., BEYER, H. O., and BENITEZ, C. History of the Orient. (1926.) (*Steiger.*)
i. 8
STEYN PARVÉ, D. C. Het Koloniaal Monopoliestelsel. (1850.)
Chap. III
— Het Kol. Monopoliestelsel en de Nadere Toelichting daarop. (1851.) (*Monopoliestelsel*, 1851.)
Chap. III. iv. 94, 96, 100, 108, 110; v. 133
STOCKDALE, J. Sketches of Java. (1811.)
i. 18
STOKVIS, J. E. Van Wingewest naar Zelfbestuur in N.-I. (1922.)
viii. 249

TENG SIOE TJHAN, Dr. De Landrente Belasting. (1933.)
Chap. VII. vii. 211
TOYNBEE, A. J. Chinese Immigration. Survey of International Affairs, 1926. (1928.)
xi. 408
TREVELYAN, G. M. The Peace and the Protestant Succession.
ii. 49

VANDENBOSCH, AMRY. The Dutch East Indies. (1933.)
General List
VERSLUYS, JHR J. C. VAN REIGERSBERG. Fabrieksnijverheid in N.-I. (1917.)
x. 312, 332; xi. 413
VLEMING, J. L. Het Chineesche Zakenleven in N.-I. (1926.)
ii. 45, 46; viii. 239; xi. 408
VOLLENHOVEN, C. VAN. Het Adatrecht van Ned. Indië. (1906–31.)
General List
— Decentralisatie v. h. Regeeren Overzee. (Kol. Tijd. 1929, p. 29.) (*Decentralisatie.*)
ix. 267, 269, 290

VOLLENHOVEN, C. VAN.
— Indië, Gisteren en Heden. (1922.)
Chap. VIII. viii. 249; ix. 277, 278
Old Glory. (Kol. Tijd. 1933, p. 229.)
ix. 290, 293; xi. 381, 390
— De Ontdekking v. h. Adatrecht. (1928.)
Chap. III. iii. 70, 72, 77, 78; iv. 106; v. 121, 140; vii. 216, 218; ix. 295
— Staatsrecht Overzee. (1928–30.)
ii. 35; iv. 91
— De Indonesier en zijn Grond. (1919.) (*De Indonesier.*)
i. 5; v. 121, 140; vii. 178, 216

WAAL, E. DE. N.-I. in de Staten Generaal.
Chap. VI. v. 127; vi. 149
— Onze Indische Financiën.
Chap. VI. vii. 185; ix. 266, 269
WELLENSTEIN, IR. E. P. Indië in de Wereld Crisis. (n.d.)
Chap. XII
— Verslag v. d. Kleine Welvaarts Commissie over 1931. (n.d.)
Chap. XII
WHITEWAY, R. S. The Rise of Portuguese Power in India. (1899.)
Chap. I
WINKLER, Mr H. F. Zijn de Regenten Volkshoofden? (Kol. Stud. 1927, ii. 153.)
vi. 158; vii. 192; ix. 299
Woordenboek
Biographisch Woordenboek. (1856.)
General List
— Nieuw Nederlandsch Biographisch Woordenboek. (1909– .)
General List

GENERAL INDEX

Abdoel Moeis (Vice-President S.I., Member of Volksraad), 250
Abendanon, Mr J. H. (Director of Education, 1900–5), 243, 419
Accounts, General Chamber of (*Algemeene Rekenkamer*), 61, 65, 70, 88, 103, 157, 257
Accounts Department, 61, 70, 373
Accounts Law (*Comptabiliteitswet*), 163, 172, 189, 191, 208, 210; amended, 235; 274
Accounts System, 273
Achin, 18, 23, 27, 32, 175, 177, 178, 183
Achin Railway, 204
Achin War, 176, 206, 211, 230, 233, 236, 263
Act of Union, 1579, 23
Adam, Dr L. (Civil Servant), 388, 404
Adams, Dr G. B. (English historian), 13
Administration, in Majapahit, 10–13; under E.I. Co., 33–38; under Daendels, 65–67; under Raffles, 70–76; under Crown Rule, 84–92; under Van den Bosch, 122–27, 145–46; Liberal Policy, 187–95; in 1900, 257–64; Reforms, 265–301; Employment of Natives in, 251, 268, 333, 346, 367, 373; Continuity in, 226, 262, 299–300, 300*n.*, 391, 392. *See* Dualism *and* Outer Provinces
Advances to Cultivators, 93, 101, 170, 232, 317, 397
Advances to Village Headmen, 166, 214, 317
Adviser to Government, for Chinese Affairs, 240, 411; for Co-operative Credit, 307, 403; for Mahommedan and Native Affairs, 236
Advisory Committee on Economic Affairs, 308, 395
Agrarian Legislation, 1870, 165, 169, 174, 178, 179, 181, 195, 216
Agricultural Capital, 127, 311, 433; Committees, 102, 127; Companies, 198, 335; Credit, *see* Popular Credit; Debt, 107, 397; Enterprise, 195–99; Methods, 127, 199, 304, 305; Statistics, *see* Statistics
Agriculture, under Native Rule, 5, 7, 10, 12–13; and Portuguese, 18; under E.I. Co., 34, 37, 39–41, 42; under Daendels and Raffles, 65, 69, 72, 75; European, 92, 93, 102, 168, 195–99, 312–19; Native, 86, 101, 167, 168, 195, 304, 317, 318, 319–23, 346, 398; State Expenditure on, 344. *See* State Activities, in Cultivation
Agriculture, Department of, 265, 266, 299, 304, 306, 346
Agriculture and Industry, 348, 451, 468
Airways, 332. *See* Communications
Albarda, Ir J. W. (Socialist Deputy), 394
Aldermen, College of (*Wethouders*), 287
Aldermen, Court of (*Schepenen*), 36, 46, 71
Alting, J. H. Carpentier (President Revisional Commission), 279
Amboyna, 16, 17, 25, 27; Massacre of, 29, 30; 31, 32, 35, 36, 37, 39, 41; Population, 42; 88, 378
America, 1, 196. *See* United States
Americans, ranked as Europeans, 347
Ampel (Surabaya), 9
Amsterdam, and E.I. Co., 20, 21, 24, 50; and French Revolution, 54, 80; and Netherlands Trading Co., 97, 98, 130; Market for Produce, 144
Angelino, Dr A. D. A. de Kat (Publicist), 463
Anti-Revolutionary Party, 175, 228
Aquarium, 305
Arabs, 14, 107, 414. *See* Foreign Orientals
Arak, 41, 45; Farm, 38, 167, 209
Arakan, 42
Architecture, 14, 291, 425
Aristocracy, and Progress, 393, 419; Relations with Europeans, 420
Army, of Majapahit, 10; under E.I. Co., 58, 65; Cost of, 344

Art, 5, 14, 419, 424–25
Article Brief, 36
Asia and Europe, Economic Relations, 174, 208, 226, 338, 428, 430, 431, 433
Asiatic Council (*Raad van Aziatische Bezittingen en Etablissementen*), 56, 60, 63, 64
Asiatic Petroleum Co., 328
Asiatics, ranked as Europeans, 347. *See* Foreign Orientals
Assam Tea, 310
Assimilation, Policy of, 56
Assistant Resident, 90, 102, 191–94, 258, 260, 268; (New Style) 292; 299, 300, 301, 383, 391
Association, Policy of, 246, 251, 368, 420
Australia, 1, 121, 331
Australian Race, 4
Authority, as Principle of Rule, 122, 151, 251, 262, 466; Delegation of, 90, 193–94
Autonomy, as Principle of Rule, 238, 264, 268, 346, 359; of Netherlands India, 229, 257, 272–84; Local Autonomy, in Netherlands, 263, 269–70, 281, 284; in Netherlands India, 264, 267, 269–72, 284–92; Village Autonomy, *see* Village

B.O. See *Boedi Oetomo*
Baasch, Emil (German Economist), 25, 39
Bali, 9; Pacification, 177, 237; Religion, 378; 439
Banda, 16, 21, 25; English in, 27; Pacification, 29, 31; 32, 35, 41, 42, 177
Bandoeng, Quinine Factory, 305; Engineering School and College, 371; Textile Institute, 375, 433
Banjermasin, 9, 32; Massacre, 177, 203
Banka, Tin, 73, 167, 202, 326, 327; Annexation, 176–77; Chinese in, 348; Rubber, 438
Banks, Banking, 83, 102, 132, 149, 162, 169–70, 196–98, 199, 201, 272, 303, 310, 335, 336, 341, 361; English Banks, 170, 196, 197, 310, 335; French, 335; Japanese, 335, 336, 406; Native (*Bank Nasional Indonesia*), 254, 336, 361; Savings Banks, 357; State Banks, *see* Popular Credit
Bantam, Native State, 9, 18, 23, 26–34, 37, 39, 41, 45; Residency, 4, 66, 177
Batavia, 4, 7, 18, 29, 34, 36, 39, 49, 61, 75, 85, 88, 117, 170, 205, 209, 243, 270; Business in, 76, 94; Europeans in, 99, 155, 273; Harbour, 207, 331; Press in, 160; Railway, 204; Rising in, 253; Sanitation, 291; Schools, 371
Batavia, Environs of (*Ommelanden*), 34, 36, 41, 60, 108, 109, 111
Batavia, Statutes of, 34
Batavian Legion, 54
Batavian Oil Co., 328
Batavian Republic, 50, 51, 55, 56, 59, 63; Constitutions of, 1795, 55; 1798, 55, 56; 1801, 55, 56, 59; 1805, 55, 63
Batavian Society, Royal (*Het Koninklijk Bataviaasch Genootschap van Kunsten en Wetenschappen*), 155, 160, 304, 415
Batig Slot (Indian Surplus), 134, 145, 149, 156, 160, 161, 173, 175, 176, 178, 185, 210–12, 222, 231, 266, 272–74, 441
Batik, 4, 14; Chinese exploitation, 213, 243, 413, 452; Wages, 334
Baud, J. C. (G.-G. 1833–36; Col. Min. 1840–48), 67, 98, 100, 112, 113, 115, 117, 119, 121, 124, 126, 134, 140; Fall, 152–54; and Constitutional Regulation, 156–58; 166, 193, 194, 216, 261, 262
Bazaars, 133, 136, 139, 144, 167, 291, 384, 402
Beaumont, John (Englishman in Amboyna), 29, 30
Beet-sugar, 196, 429
Begging, 190, 402
Belgium, Belgian, Incorporation in Netherlands, 83; Secession, 119, 144, 148; Capital in Netherlands India, 311, 435; Manufactures, 95, 97, 104, 105, 119
Bengal (British India), 86, 117, 142; Province of British India, 403
Bentham, Jeremy, 81
Bepatti, 34
Bergmeijer, P. (Member of Volksraad), 276, 282

Bergsma, Mr J. H. (Col. Min. 1894–97), 230, 323
Bert, J. Chailley- (French Publicist), 415, 458
Billiton, 167, 176–77, 348, 438; Tin Co. (*Gem. Mijnbouw Mij. Billiton*), 203, 326, 327
Birds'-nests, Farming of, 167
Blijvers and *Trekkers*, 244, 409
Board of Finance, 61, 65, 70, 88, 103, 123, 126, 157
Boedi Oetomo (B.O.), 243, 249, 254, 356, 367
Boeke, Dr J. H. (Economist), 58, 403, 452, 460, 462–63, 466
Bolsheviks. *See* Communism
Bongaya Contract, 31
Borneo, 1, 27, 32, 312, 348, 405; Pacification, 95, 176–77, 203, 237; Coal, 203, 231, 351; Diamonds, 9, 329; Oil, 237, 311, 328, 432
Borneo Oil Co., 328
Borobudur, 77
Bosch, J. van den (G.-G. and Commissioner-General, 1830–33; Col. Min. 1834–40), 42, 67, 107, 108–13; 115, 117–52, 154, 157*n.*, 158, 159, 166, 172, 174, 177, 178, 190, 192, 201, 210, 211, 216, 225, 227, 239, 261, 262, 269, 274, 314, 346, 381, 392, 396, 403, 462, 466
Bosse, Mr P. P. van (Col. Min. 1871–72, 1877–79), 351
Botanic Gardens, 304, 305
Both, P. (G.-G. 1610–14), 26
Brahmanism, 7, 8, 14. *See* Hindus
Britain, Great. *See* England
British Consular Reports, 322, 455
British India. *See* India, British
Broadcasting. *See* Wireless Telegraphy
Brooke, James (Rajah of Sarawak), 177
Brooshooft, P. (Journalist), 230, 232
Brother, Elder and Younger, 90, 90*n.*, 192, 292–93, 393
Brussels, Sugar Convention of 1902, 309
Bruyn Kops, W. de (Statistician), 127*n.*, 169, 170
Buddhism, 7, 8, 464
Budget, Publication of, 132, 396; Preparation of, 273; for 1839, 149; for 1840, 132, 134, 150; for 1863, 162, 163; for 1867, 172, 208, 270; for 1892, 230; for 1903, 233; for 1907, 236, 333, 366, 367. *See* Finances
Buitenbepatti, 34
Bukit Asem, Coal mine, 326
Bureau for Popular Reading. *See* Popular Reading
Burke, Edmund, 51
Burma, Tenures, 6*n.*; Freedom of Women, 6*n.*, 420; Plural Society in, 239, 460, 465, 467; Standard of Living in, 402–03; 12, 289, 298, 331, 386, 439
du Bus de Gisignies, L. P. J. burggraf (Commissioner-General, 1826–30), 100, 103–12, 116, 120, 122, 123, 126, 128, 138, 150, 153, 159, 174, 195, 354, 403
Buyskes, J. C. (Commissioner-General, 1816–19), 84

Calvinist Political Party, 228
Canada, Plural Society in, 446, 450
Cape of Good Hope, 35, 55
Capellen, G. A. G. P. baron van der (Commissioner-General and G.-G. 1816–26), 84, 87, 93–100, 106, 108, 116, 120, 123, 129, 134, 153, 155, 159, 166, 167, 176, 239, 261
Capital, of Dutch E.I. Co., 24, 29; of English E.I. Co., 29; Dutch Capital, 97, 111, 202, 303, 309, 310–11, 328, 333, 335, 406, 408; Chinese Capital, 310, 336, 413, 434; Foreign (International) Capital, 227, 309, 310–11, 328, 335, 350, 405, 406, 408, 433, 434–35; Native Capital, 233, 336, 398, 438, 457
Capital, Supply of, and Demand for, 127, 169–70, 195, 196–99, 202, 222, 226, 234, 343
Capital and Labour, 227, 229, 348–50, 353, 356–57, 399–400, 451–52, 468
Capital in Agriculture, 303, 310–11, 335, 433
Capital in Commerce and Industry, 311–12, 333, 335, 406
Capital Punishment, 297
Capitalism, 199, 225, 227, 229, 232, 237, 248, 249, 273, 452; and Pre-Capitalism, 453, 456, 457, 460; in Plural Society, 350, 451–52, 457, 460

Capitalist Enterprise, 60, 92, 93, 100, 102, 104, 112, 121, 138, 153, 164, 166, 174, 195, 203, 222, 250, 309–12, 316, 399; in Native States, 93, 167; in Outer Provinces, 237, 309, 310, 349, 353
Capitation Tax, 38, 58, 72, 167; (*Hoofdgeld*), 184, 185, 209, 339, 340, 342, 400, 403
Carpentry, Promotion of Native, 434
Carriage Tax, 208
Cassava, 309, 319, 321, 337, 338, 397
Caste, 8, 141, 381, 383, 450, 452, 454, 464–65, 467
Catholic Political Party, 164, 228
Celebes, 1, 16, 30, 41, 312, 329, 378; Pacification, 95, 176, 237; Coffee, 177–78, 318
Cement Factory, 434, 439–40
Census, 347
Centralization. *See* Decentralization
Ceram, 18, 176
Ceylon, 31, 35, 37, 46, 55
Chadbourne Plan. *See* Sugar
Chamberlain, Joseph, 162
Charter, of Dutch E.I. Co., 24; of 1803, 56, 61–63, 65, 84, 126
Chartered Bank of India, Australia and China, 170
Cheribon, 32, 33, 34, 36, 41, 49, 396; Land-rent in, 75; Distress in, 137, 150, 352; Village Government in, 140, 217
China, Trade with, 2, 6, 8, 31, 40, 43, 58, 131
China Tea, 42, 102, 128, 131, 310
Chinese, under Native Rule, 4, 6, 8, 14; under E.I. Co., 36, 38, 41, 42, 45–48; and Europeans, 47, 213, 214, 239, 410, 414, 431; and Japanese, 336, 414, 431, 452; and Natives, 4, 41, 45, 46, 93, 107, 143, 213, 214, 234, 239, 240, 242, 243, 244, 321, 357, 397, 410, 414; Education of, 240, 410, 411, 418–19; Emancipation of, 241, 410; Legal Status of, 36, 89, 213, 241, 242, 410; Occupations of, 8, 38, 41, 42, 45–47, 58, 60, 107, 142, 143–44, 168, 182, 201, 213, 243, 310, 321, 327, 355, 397, 406, 409, 411–14, 434, 452
Chinese and Communism, 242, 253; and Land, 47, 58, 60, 65, 66, 71, 74, 214, 313, 397; and Plural Economy, 8, 14, 45, 48, 141, 239, 410, 413, 414, 419, 446, 447, 452, 453; and Revenue Farms, 47, 73, 213
Chinese Affairs, Adviser for, 240, 411
Chinese Books, 160
Chinese Capital, 310, 336, 434
Chinese Coolies, 182, 355, 356, 409
Chinese Headmen, 8, 36, 89, 143, 258
Chinese Nationalism, 238, 239–42, 246
Chinese Population, 46, 144, 213, 348, 408; in Malacca, 16; in Outer Provinces, 348
Chinese Records, 9
Christian Missions, 17, 218–20, 378–81, 415; Religion, 17, 18, 115, 378, 392, 464
Christian Political Parties, 228–29, 248, 255
Church. *See* Christian Religion
Cigarettes, Manufacture of, 39*n.*, 321, 414, 434, 455
Cinchona, 168, 265, 305, 306, 308, 319; Native cultivation of, 406, 433, 437
Cinema, 402, 417, 424
Cinnamon, 37, 102, 104, 120, 137, 143, 165
Civil Service, under E.I. Co., 33–37; under Daendels and Raffles, 65, 70–73; under Commissioners-General, 87–92; under Van den Bosch, 123–27, 128, 134; under Liberals, 187–95; Organization, 191–92, 257–59, 264, 266–67, 292–93; Dualism in, 90, 124, 251–52; 259; Recruitment and Training, 128, 252, 267, 301, 373; Number, 191, 266; Pay, 251, 301; Expenditure on, 267, 344, 442; Powers and Functions, 89–92, 123–24, 124–26, 134, 189–91, 192–95, 259–61, 268–69, 289–90, 294–95, 300–301, 358, 362, 367, 388–89, 392–93; Relations with Specialist Services, 251, 252, 294, 322, 388, 389, 390
Clearings (*Ontginning*) Ordinance, 1874. *See* Deforestation

Clerical Political Party, 220, 228–29, 233, 248
Cloth. *See* Cotton
Clothing. *See* Dress
Cloves, 9, 16, 21, 31, 37, 39, 41, 42, 165, 336
Coal, 203, 231, 265, 326, 327; Production, 1890–1930, 329; 351
Cochin China, 35, 351
Cochineal, 104, 142, 165
Cocoa, 18, 308; Area under, 319; 321
Coco-nut, 9, 321, 336. *See* Copra
Codification of Law, 124; Penal Code, 163, 188, 253, 295
Coen, Jan Pieterzohn (G.-G. 1619–23, 1627–29), 23, 27–31, 44, 144, 150
Coffee, under E.I. Co., 33, 34, 39–41, 42–43, 45, 455; and Van Hogendorp, 58, 60, 63; under Daendels and Raffles, 65, 75, 76; under Crown Rule, 86, 94, 99, 101, 112, 113; under Culture System, 115, 116*n*., 119, 120, 121, 127, 129, 137, 138, 143, 144, 165, 193; Area under, 319; Disease, 200, 233, 318; Compulsory Cultivation, 119, 138, 183; Export of, 1825–30, 104; 1830-50, 129, 138; 1850–70, 171; 1870–1900, 201, 207, 208, 337; 1900–30, 337, 338; Marketing of, 94, 99, 105, 144; Native Cultivation, 318, 321; Price, 94, 101, 104, 196, 233, 309; Production, 94, 127, 195, 196, 316; State and Private Cultivation, 120–21, 168–69; Union of Coffee Planters, 308; Varieties, 200, 233, 318
Coffee-sergeant, 37, 194. See *Opziener*
Colenbrander, Dr H. T. (Historian), 122
Colijn, Dr H. (Statesman), 121, 290
Collector, 72, and Magistrate, *see* India, British
College, of Aldermen, 287; of Commissioners, 287; of Delegates, 281; of Deputies, 285; of Forests, 65
Colonial Ministers. *See* Baud, Bergsma, Van den Bosch, Cremer, Van Dedem, Elout, Fock, Van Goltstein, de Graaff, Idenburg, Mijer, Pahud, Pleyte, Van de Putte, Rochussen
Colonial Ministry (Commerce and Colonies, 1815–18; Public Instruction, National Industry and the Colonies, 1818–24; National Industry and the Colonies, 1824; Marine and the Colonies, 1825–30; Communications, National Industry and the Colonies, 1830; National Industry and the Colonies, 1831–34; Colonies, 1834–40; Marine and the Colonies, 1840–42; Colonies, 1842–), 63, 66, 123, 226, 257, 261, 262
Colonial Opposition, 148, 159
Colonial Policy, of E.I. Co., 34, 38–43, 110; of Van Hogendorp, 58–62, 84, 89; of Daendels and Raffles, 64–65, 67, 69, 78, 89; of William I, 83, 100; of Commissioners-General, 85–87, 89–92; of Muntinghe, 86–87, 97; of Du Bus, 100–102; of Van den Bosch, 111, 117–19, 122, 125–26, 190; Liberal, 159, 162, 174, 229, 230; Conservative, 159, 162, 164, 175, 229; Socialist, 229, 230; Ethical, 229, 393; and Capitalism, 199; and Economic motives, 392
Colonial Policy, Principles of, 56, 57, 59–62, 89–92, 140, 151, 175, 189, 222, 226–30, 232, 238, 246, 251, 259–62, 263, 266, 267, 268, 291, 346, 358, 368, 389, 393, 420, 464–69
Combination in Production, 199, 200, 308. *See* Trade Unions
Commandant, 35
Commerce. *See* Trade
Commission of Enquiry, 1790, 50, 56. *See* Revisional Commission *and* Reforms Committee of 1801–3
Commissioner for Native Affairs, 36, 37
Commissioners-General, of 1791, 56; of 1805, 63; of 1815, 83–94, 122, 123, 126, 153, 181, 193, 218; du Bus, 100; Van den Bosch, 123; Prohibited, 158
Committee for the Eastern Possessions, 51, 56; Reforms Committee of 1801–3, 59–63, 68, 84, 89, 122, 126; Oppenheim Committee, 279; Committee of Advice on Economic Affairs, 395, 434

Communal Land, 140, 141, 164, 180, 218, 319, 381–82, 459
Communications, by Land, 66, 75–76, 128, 185, 187, 203–4, 211, 225, 329–31; by Sea, 129, 205, 331–32; by Air, 332
Communism, 242, 245, 248–50, 253–55, 293; and Trade Unions, 356
Companies Tax, 342
Company. *See* Dutch, English, French East India Co.
Complaints (*Klachten*), 194, 300
Compulsion, as Principle of Rule, 59–61, 65, 122, 136, 151, 154
Compulsory Services, under E.I. Co., 38, 42, 45; in Forests, 113, 201; in Outer Provinces, 177, 330; for Government in Cultivation, 38–41, 57, 59, 65, 107, 112–13, 116–18, 119–20, 135, 136, 140, 158, 165, 182, 183, 200, 262; for Government, miscellaneous (*heerendiensten*), 65, 66, 68, 69, 75, 128, 135, 140, 141, 158–59, 172, 181–86, 191, 217, 262, 293, 339, 340, 357, 403; for Officials (*pantjendiensten*), 65, 140, 158, 182, 184, 186, 209, 262; for Village (*desadiensten*), 182, 184, 187, 293–94, 382
Concessions to Europeans. *See* Land
Congress, Nationalist. See *Boedi Oetomo* and *Sarikat Islam*
Conjuncture, Economic, 340, 343, 371, 396, 442
Conservative Party, 148, 156, 159, 161, 162–65, 175, 180, 210, 228, 229, 353
Consignment System, 116, 117, 119, 121, 144, 165, 205, 309
Constitution of Netherlands. *See* Netherlands
Constitutional Regulations (*Regeringsreglementen*), *see* Charter of 1803; Regulation of 1806, 63; of 1815, 84, 85, 87; of 1818, 87–89, 92, 93, 181; of 1827, 103, 112, 123; of 1830, 112, 153–54; of 1836, 123, 156, 157*n.*; of 1854, 154, 157–59, 160, 261, 262, 263, 278, 280; Art. 56, 182, 183; Art. 57, 158, 182, 185, 186; Art. 62, 166, 178; Arts. 68–69, 189, 271; Art. 71, 159, 182, 185, 186, 216; Art. 88, 187; Art. 111, 246; Arts. 115–18, 181; *Staatsinrichting*, 1925, 265, 278–80
Consular Reports, British, 322, 455
Continental India. *See* India, British
Contingencies, 37, 38
Contract Labour, 348–56. *See* Labour
Contractors under Culture System, 120, 136–37, 141–42, 168
Contracts, agricultural. *See* Land
Contracts with Native States, Bongaya Contract, 1667–69, 31; with Bantam, 1682, 1752, 32; with Mataram, 32, 33, 37; Short Contract (*Korte Verklaring*), 237, 259, 315
Contributions. See *Batig Slot*
Controleur, 125, 126, 191, 193–94, 258–61, 268, 269, 292, 293, 299, 300, 322, 362, 383, 389, 391
"Conversion", 164, 180, 216, 319
Coolies. *See* Labour
Co-operative Movement, 254, 357–59. *See* Popular Credit
Copper, Imports, 131; Money, *see* Currency
Copra, Area under, 319; as Native Crop, 320; on Plantations, 318; Price, 309; Production, 316. *See* Exports
Coromandel, 22, 35, 43
Correspondence, Increase of, 192, 390
Corruption, Official, 38, 49–51, 64, 298
Cotton, Cultivation of, 34, 37, 42, 65, 101, 136; Manufacture of Cotton Goods, in Netherlands, 144–45, 227; in N.-I., 101, 136, 213, 334, 375, 433. *See* Imports
Council of Directors, 157, 257
Council of Finance and Domains. *See* Board of Finance
Council of India (*Raad van Indië*), 24, 35, 61, 64, 70, 86, 88, 99, 116, 123, 140, 157, 158, 225, 257, 273, 274, 277, 278
Council of Natural Science, 304
Council of State, 109
Council-Pensionary, 55, 63
Councillors of India (*Raden van Indië*), 157*n.*

Councils, Local, 115, 245, 266–67, 270–71, 280, 284–85; Provincial, 285–86, 289–91, 306, 378; Regency, 280, 286–87, 291–92; Residency, 271–72, 280, 285; Rural, 271–72, 288–89; Urban, 269, 271–72, 287–88, 291; Village, *see* Village Gathering
Court of Aldermen (*Schepenen*), 36, 46, 71
Court of Circuit, 65, 71, 88
Court of Requests, 71
Courts of Law, under Company, 35–36, 46, 61; under Daendels and Raffles, 65, 71, 88; under Crown Rule, 88, 123–24; under Parliament, 157, 189, 295–98
Cramer (Socialist Politician), 248–49
Credit Service. *See* Popular Credit
Cremer, J. T. (Col. Min. 1897–1901), 225, 229, 230, 353, 354, 357, 459
Crime, 60, 101, 108, 110, 118, 122, 139, 145, 151, 396, 466; Investigation of, 261, 299
Criminal Procedure Code, European, 124; Native, 124, 188
Crisis, Economic, of 1863, 170; of 1884–85, 196–98, 200–201, 211, 212, 214, 215, 220; of 1895, 200; of 1900–1, 233, 303, 304; of 1929–30, 343, 375, 395, 429–45
Crops, Chief Crops, 39, 42, 65, 75, 127, 168, 319, 320; Introduction of, 10, 18, 39–40, 42, 102, 128, 310, 322; Areas under, 319; Second Crops, 136; Secondary Crops, 305–6, 319, 428
Crown, Exclusive Control by, 82, 83, 84, 152, 154; Supreme Director, 154–55, 194, 277
Cultivation. *See* Agriculture
Cultural Progress, 347, 457–59; European, 415–18; Chinese, 418–19; Native, 419–26
Culture Areas, 310–12
Culture Banks, 169, 197–99, 272, 335; for Natives, 336, 361. *See* Netherlands Trading Company
Culture Circles, 415, 417, 458
Culture Law, of Van Hoëvell, 160–61, 164; of Van de Putte, 164, 167, 180, 216, 228
Culture System, 67, 109, 148, 154, 156, 174, 215, 225, 305, 314, 318, 346, 349, 351, 357, 425; Defined, 115–16; Objects of, 112, 145; Theory of, 117–19; Practice of, 119, 135–38, 142; and Economic Progress, 127–35, 138, 146, 170, 195, 200, 202, 203–4, 223, 309–10, 455; and Native Welfare, 135–37, 139, 151, 162, 172, 214, 322, 401, 456; and the Village, 140–41, 217, 381, 382; and the Land, 141, 381, 459; and the Netherlands, 111, 119, 144–45, 151, 210; in the Outer Provinces, 177; and Administration, 122–27, 145–46, 157, 193, 218; and Private Cultivation, 119–21, 143; and Chinese, 142–44; and English, 142, 143, 310, 331; Abolition of, 165–67
Currency, 9, 22, 66, 74, 76, 95–96, 131–32, 133, 154; Currency Law, 159
Custom, 5, 44, 106, 139, 164, 182
Customary Law, 11–12, 218, 295, 296
Customary Wages, in Burma, 454
Customs Duties, 38, 73, 77, 89, 94, 105, 133, 144, 208, 209, 211, 342, 343
Customs Statistics, Compilation of, 396
Cutch, 42, 319, 321

Daendels, 54, 64–67, 68, 69, 71, 74, 76, 84, 85, 86, 89, 92, 109, 110, 126, 128, 153, 159, 205, 219, 395
Dancing, 417, 425
Day, Clive (American Historian), 89
Death Duties, 38, 208
Debt, of E.I. Co., 50, 52, 85, 134; of Netherlands, *see* Netherlands; of Netherlands India, 99, 100, 106, 134, 144, 148, 149, 443
Debt of Honour (*Eereschuld*), 231, 233, 235, 273, 274
Debtor Bondage, 159, 181
Decentralization, 226, 229, 230, 232, 245, 261, 263, 264, 271, 290; Decentralization Law, 264, 271, 272, 285
Decrees, Royal (*Koninklijke besluiten*), 158
Dedem, W. K. baron van (Col. Min. 1891–94), 220, 229–30, 266, 271, 273, 274

Deforestation, 179–80, 201, 216
Dekker, E. Douwes. See *Multatuli*
Dekker, E. F. E. Douwes (Indo Journalist), 244–45, 246, 248, 378
Delft, Chamber, 24; Engineering College, 226, 371
Deli Railway, 204; Tobacco, 177, 204, 207, 308, 310, 315, 318, 355, 407; *Millioenen uit Deli*, 353–54, 459
Demand, Organization of, 332, 333, 365, 372, 375, 418, 421, 422, 425, 457, 463, 467, 469; Sectional Demand, 451–52. *See* Social Demand
Democracy, 383, 388, 392–93, 467, 468
Departmental Heads, 190–91, 192; and Volksraad, 282. *See* Council of Directors
Departmental Services. *See* Services, Specialist
Departments, Under Culture System, 157, 189; Reorganization, 1864, 189, 257; Reform, 1904–34, 265–66, 306
— Department of Agriculture, 265, 266, 304
— Department of Agriculture, Industry and Commerce (*Landbouw, Nijverheid en Handel*), 266, 304, 306, 333, 346, 396
— Department of Civil Public Works (*Burgerlijke Openbare Werken*), 189, 199, 257, 266, 330
— Department of Communications (*Verkeer en Waterstaat*), 266
— Department of Economic Affairs (*Economische Zaken*), 266, 304, 306
— Department of Education and Religion (*Onderwijs en Eeredienst*), 265–66
— Department of Education, Religion and Industry, 189, 220, 257, 266
— Department of Finances (*Financiën*), 189, 257, 434
— Department of Interior (*Binnenlandsch Bestuur*), 189, 257
— Department of Justice (*Justitie*), 189, 257
— Department of State Enterprises (*Gouvernementsbedrijven*), 266, 330
Desadiensten. *See* Compulsory Services
Deventer, C. Th. van (Deputy), 77, 195, 214, 216, 229–32, 233, 241, 245, 246, 251, 267, 273, 274, 303, 320, 328, 332, 351, 364, 372, 393, 394, 396, 398, 408, 420
Diamonds, 9, 329
Diemen, A. van (G.-G. 1636–46), 31
Diminishing Welfare, Enquiry into (1902–5), 216, 233, 236, 239, 320, 393–94, 397; Enquiry (1924), 320, 395. *See* Welfare Surveys
Direct and Indirect Rule, Policies of, 34, 57, 60, 62, 122, 123, 177, 251, 257–58, 389
Director, Official of E.I. Co., 35; of Cultures, 123, 127, 134. *See* Departmental Heads
Director-General of Trade, 35, 61, 65, 126
District, under Raffles (*see* Regency), 71, 72; under Dutch rule, 88, 125, 191–92, 259; in British India, 259–60
District Court, 88, 91, 125*n*., 297
District Magistrate, in British India, 91, 260
District Officer, 125, 259, 268, 389
Division, under Raffles, 71, 72, 73, 191; re-named District, 88
Division, Subdivision (*Afdeeling*), 191, 258–59, 266
Division of Labour, Sectional, 450, 452
Division of Powers, Montesquieu on, 54
Djaksa. See *Jaksa*
Doctors. *See* Medicine
Dorrepaal Banking Co., 197–98
Dress, 14, 402
Dual Mandate, 346, 468
Dualism, 7, 8, 11, 14, 35, 88, 90, 124, 126, 157, 192, 208, 251, 252, 259, 263, 339, 453, 460, 468
Dutch Borneo. *See* Borneo
Dutch Community in Netherlands India, 405–6, 415–18, 452, 458; Dutch Language in Netherlands India, 219, 221, 364, 368, 370, 377; Dutch Law, 36, 124; Character in 1815, 80–81, 111, 141–42
Dutch East India Co., Foundation, 21–25; Charter, 23–25; Capital, 24, 29; Establishment of Supremacy, 25–30; Rivalry with English, 26–30; Territorial Expansion, 25,

31–33; System of Government, 33–37, 110, 194, 208–9; Economic Policy, 38–41, 80, 153, 456; Economic Progress under, 41–43, 202; and Native Welfare, 43–45, 122; and Chinese, 45–48; Fall of, 48–52, 56, 116, 210; and European Colonists, 26, 92; and Press, 159; and Slavery, 181; in Outer Provinces, 32, 35, 41–42, 176; Compared with English E.I. Co., 49–51
Dyeing, Promotion of, 434

Earth-oil, 336. *See* Petroleum
Ecclesiastical System of Majapahit, 10; of Dutch, 379–80
Economic Motive, 57, 222, 235, 322, 449–50, 453–56, 460, 466
Economic Policy, of Dutch E.I. Co., 38–41, 68; of Committee of 1801–3, 57–62, 68; of Daendels, 64–66, 68; of Raffles, 68–69, 106; of Muntinghe, 86–87, 97, 122; of Commissioners-General, 92–94, 106; of Du Bus, 102–3; of Van den Bosch, 119–22; Liberal, 174–76, 222; Ethical, 229–32, 303
Economic Process, 222, 263, 350, 413, 449, 453, 454, 461, 462, 466
Economic Progress, under Native Rule, 9, 12, 13; under Portuguese, 18; under E.I. Co., 41–43; under Raffles, 75–76; under Van der Capellen, 94–96; under Du Bus, 103–5; under Van den Bosch, 127–35, 145–46; under Liberal rule, 167–73, 195–212; Since 1900, 303–45, 346; and Education, 219; and Village Autonomy, 388
Economic Surveys, by Van den Bosch, 128, 396; by Van Deventer, 233–34, 393; by Huender, 394; in 1924–30, 395. *See* Diminishing Welfare
Economy, Tropical, 325, 332, 372, 374–75, 403, 453, 457, 460–64. *See* Demand, Organization of
Education, 18, 85, 89, 102, 159; Expenditure on, 134, 211, 218, 219, 220, 344–45, 367; Inspection and Supervision, 89, 102, 219–20, 295, 299, 378; Policy, 85, 159, 218, 220, 225, 234, 265, 303, 364, 365, 367–68, 373, 378; Principles of, 365–66, 371–72, 374–78; Progress of, 18, 85, 89, 219–20, 364, 366–67, 370, 377, 404; Female Education, 220, 221, 243; Educational Standards, 212, 369, 370, 371; Examinations, 221, 252, 368; Education and Missionaries, 17, 18, 218–19, 364, 380–81; and Natives, 219–21, 238, 367–68, 376–78; and Plural Society, 365–66. *See* Schools
Eerens, D. J. de (G.-G. 1836–40), 121, 134, 166, 261
Efficiency, Policy of, 226–29, 230, 232, 263, 267, 272, 358
Election, to Local Councils, 272, 285–88; to Volksraad, 275, 280–81. *See* Village Headman
Elout, C. T. (Commissioner-General, 1816–19; Col. Min. 1824–30), 84–86, 100, 108, 112–13, 115, 153, 154, 181
Emigration. *See* Migration
Encyclopedia of N.-I., 150
Engelhard, N. (Governor, North-East Coast), 106
England, English, 1, 4, 461; English in Java, 67–68, 80, 83, 95, 117, 132, 139, 149, 153; in Moluccas, *see* E.I. Co.; in Sumatra, 176, 227, 310; English East India Co., 17, 23, 25, 26–31, 39, 49–51, 69, 78; English Language, 240; Sea Power, 20, 54–55, 64, 66–68, 144, 178; Trade and Capital, 68–69, 78, 81, 95, 97, 99, 100, 101, 105, 106, 107, 117, 130, 142, 143, 170–72, 227, 310–12, 313, 328, 335, 429, 435
Enkhuyzen, 24
Enquiries, Official, into Compulsory Services, *Desadiensten*, 186, 187, 293–94, 365, 382, 394; *Heerendiensten*, 186, 187, 217–18, 293, 393; into Diminishing Welfare, 216, 320, 393–95, 396, 397; into Dutch-Vernacular Education, 404; into Economic Conditions (1924–30), 320, 395, 398, 403; into Industrial Development (1916), 333; into Pressure of Taxation (1926), 387, 395, 399; into Tenures (1866), 164, 180, 216, 393
Enterprises, State, Major Head of Revenue, 208. *See* Departments

Estimates, Financial. *See* Budget
Ethical Movement, Policy, Origin of, 225–27; Formulation, 229–36; and Imperialism, 237; and Nationalism, 245–46; and Native Welfare, 268, 348, 357–58, 361–64, 393–95, 396–404; and Village, 294-95, 381–92; and Civil Service, 299; and Industry, 332–33; and Taxation, 339; and Education, 364–74, 420–24; and Economic Environment, 332, 392, 429; and Dutch Rule, 389; Results, 403
Europe and Asia, Economic Relations, 22, 121, 174, 208, 226, 338, 430–33; Natives in Europe, 251, 373, 425; Sale of Produce in Europe, 94, 117, 144, 165, 169
Europeans under E.I. Co., 26, 35, 36, 38, 43, 58; Definition of, 212, 347; Population, 66, 143, 148, 212, 233, 347, 404; born in India, 405; European Colonization, 26, 92–93, 102, 291, 295, 404–5, 426; Foreign Europeans, 405, 435; Economic Functions, 116, 143, 168, 406–8; Social Economy, 141, 212, 225, 247–48, 295, 347–48, 404–11, 415–18, 443–44, 450, 452, 464; and Nationalism, 248, 282, 408, 417, 426; and Native Welfare, 371, 397, 407–8; and Plural Society, 407–8, 450, 452, 464; and Politics, 245, 247–49, 282–83, 287, 291; and Trade Unions, 356–57
Examinations. *See* Education
Exchange, Commercial, 94, 170
Excise Revenue, 209, 213, 342, 343
"Exclusive Control." *See* Crown
Expansion, Policy of, 226–30, 236–37
Expenditure, State, 210–11, 222, 233, 340, 394, 428, 441
Experimental Stations, 199–200, 305–8, 308*n*., 441
Export Crops, Production of, 75, 85, 101, 117, 120, 133, 135–38, 233, 316–19; and Natives, 318, 320–21
Exports, under Native Rule, 9, 13; Under Company, 40–42; under Raffles, 75, 85; Statistics of, 101, 104, 127, 129, 169, 170–71, 207, 215, 320, 336–37, 338, 429–30; Nature of, 208, 226, 433–34; Destination of, 338, 430–33; to Netherlands, 104, 105, 129, 170, 171, 207, 338; Volume and Value, 105, 337–38, 429–30; State and Private, 121, 169; of Outer Provinces, 336, 337; and Crisis of 1929–30, 428–29, 433, 438–39
Exports of Cassava, 321, 337, 338; of Coffee, 40, 42, 75, 104, 105, 127, 129, 138, 169, 171, 200, 201, 207, 337, 338; of Copra, 336, 337, 338; of Indigo, 104, 117, 127, 129, 138, 169, 171, 318; of Kapok, 321, 338, 437; of Oil, 336, 337; of Rice, 2, 13, 22, 75, 104, 121, 127, 137, 138, 215, 439; of Rubber, 336, 337, 338; of Sugar, 40–41, 75, 104–5, 117, 121, 127, 129, 138, 169, 171, 201, 207, 337, 338, 428–29; of Tea, 127, 169, 337, 338; of Tin, 202, 337; of Tobacco, 104, 127, 169, 207, 336, 337, 338

Factories, 333–34, 355, 452
Famine, 137–39, 148, 150, 162, 395
Farming of Revenue, 73, 133, 166, 167, 172, 213, 397
Fascism, 255
Federalism, Policy of, 468–69
Federations of Planters, 308
Fendall, J. (Lieutenant-Governor of Java, 1816), 76, 85
Fertilisers, Import of. *See* Imports
Feudal System, 11, 13–14; Levies, 58, 65
Filipinos, ranked as Europeans, 347
Finances of E.I. Co., 48–52, 56; of Netherlands, 108, 119, 210, 231; of Netherlands India, 56, 94–97, 99–100, 106, 134, 149, 183, 208–11, 222, 234, 237, 273, 339–45, 428, 441–43
Financial Relations of Netherlands and Netherlands India, 56, 119, 134, 148–49, 163, 208, 211, 230–35, 261, 263, 273–74, 441. See *Batig Slot*
Financing of Production, 196–99, 227, 334–36
Firearms, Introduction of, 8, 9; Trade in, 22, 60
Fiscal System. *See* Revenue
Fish, 9, 167; Fish as food, 324, 397, 399, 432; Trade in, 325, 455; Fisheries, 167, 265, 306–7, 324, 406; Fishery Service, 265, 299

Flores, 4, 18
Fock, D. (Col. Min. 1905–8; G.-G. 1921–26), 233–34, 236, 240, 242, 250, 253, 274, 277, 278, 313, 332, 333, 352, 366–67, 372–74, 452
Fokkens, F. (Civil Servant), 186, 217, 293
Food, 22, 39, 42, 324, 397, 398, 399, 403, 439, 444
Forbes (Englishman in Amboyna), 30
Forced Deliveries, 37
Forced Labour. *See* Compulsory Services
Foreign Orientals, 89, 241, 258, 271, 280, 296, 364, 370, 397, 414
Forests, 58, 61, 65, 75, 113, 158, 167, 179, 201–2, 222, 265, 306, 325; Forest Service, 179, 201, 252, 325, 416. *See* Teak
Forts of Dutch E.I. Co., 32
France, French E.I. Co., 23, 26, 27, 30, 31; French in Java, 67, 139, 142; French Capital, 310–11, 313, 321, 335; French Revolution of 1789, 51, 54–55, 58, 81; of 1830, 1848, 152
Franchise, in Netherlands, 82, 154, 228; in Netherlands India, 275, 280–81, 286–88, 423
Free Land, 179
Free Sugar, 142, 167
Free Trade, 165–66, 175, 435–41. *See* Tariff
Freedom of Assembly, Religion and the Press. *See* Rights
Freedom of Cultivation. *See* Compulsory Services
Freedom of Enterprise, 82, 92, 94, 163, 199, 222–23, 229, 231, 262, 403, 435, 448, 461–63
Freedom of Ownership. *See* Conversion
Freedom of Sale. *See* Monopoly
Freedom of Trade, 58–60, 63, 69, 84, 97, 119, 120
French. *See* France
Fruit-growing, 75, 306, 307
Functions, Specialization of, 75, 118, 135–36
Fundamental Law of Netherlands, of 1814, 82, 83; of 1815, 83; amended 1840, 150, 152, 154; of 1848, 154–56, 269; of 1922, 277–80
Gambling, Revenue from, 167, 213, 397
Gaplek, 321. *See* Cassava
Gelderen, J. van (Economist), 430
General Agricultural Syndicate, 308
General Regulations (*Algemeene Verordeningen*), 158
"Gentle Pressure" (*Parentah aloes*), 122, 143, 158, 261, 333, 362, 367, 375, 382, 388, 402, 456
Geography of Netherlands India, 1–4
Germans, Germany, 1, 97, 139, 201; Capital, 310–11, 435
Gewest (Administrative Unit, Government or Residency), 258–59
Gezaghebber (Civil Official), 57, 259
Gladstone, W. E., 155, 162
Gold, 326, 329; Gold Standard, 429, 431
Goltstein, W. baron van (Col. Min. 1874–76, 1879–82), 180
Gonggrijp, G. (Economist), 7, 214, 453
Government (Administrative Unit), 35, 258, 267, 284
Government, Separation of Powers in, 54, 188, 295
Government Lands, 257–59
Governor-General, 24, 26, 35, 49, 61, 88, 100, 103, 123, 157, 158, 225, 257, 261, 275–76, 277–81
Graaff, S. de (Civil Servant, Col. Min. 1919–25), 267, 268, 278, 284, 292, 382
Graeff, Jhr. mr A. C. D. de, 253
"Great East" (Administrative Region), 284
Grissee, 9, 15
Groot van Kraayenburg, Jhr. J. P. Cornets de (Col. Min. 1861), 127*n*.
Ground-nut, 42, 320
Guardianship, Policy of, 175, 229, 268
Guinea. *See* New Guinea
Gum-elastic, 336–37. *See* Rubber

Handelsvereeniging Amsterdam, 197–98, 335
Harbours, 184, 206–7, 331; Harbour fees, 38
Hasselman, C. J. (Civil Servant), 293, 365, 382, 394, 397

Hat-making, 334, 376, 434
Heeren XVII, 24, 50, 56
Heerengerechtigheid. *See* Succession Duty
Heeres, J. E. (Historian), 78
Henry, Prince, 202, 206, 207; School, 371
Herschikking, Hervorming, Herziening. *See* Reforms
Heutsz, J. B. van (G.-G. 1904–9), 236–37, 244, 274, 303, 309, 326, 330, 331, 340, 367, 422
High Court, in Netherlands, 61; in Netherlands India, 36, 61, 88, 296
Hindus, 4–8, 12–15, 18, 43, 45, 386, 453, 464; Dualism, 7–8, 15, 453; Religion, 7, 8, 10, 14, 378, 464
Hoëvell, W. R. baron van (Deputy), 128, 135, 136, 155–56, 159, 160, 161, 163, 164, 218, 227, 230, 273, 415, 420, 455
Hogendorp, Dirk van (Colonial Reformer), 56–63, 65, 66, 69, 72, 74, 81, 84, 85, 86, 231, 242
Hogendorp, Gijsbert Karel van (Statesman), 57, 81, 84, 100
Hogendorp, Willem van (Son of G. K.), 100, 120
Holland, Kingdom of, 63. *See* Netherlands
Hongi raids, 31
Hongkong and Shanghai Banking Corporation, 197
Hoofdgeld. *See* Capitation Tax
Hoorn, 24
Horticulture, 75, 306–7
Hospitals, 363, 380. *See* Medicine
House Tax, 209
Housing, 14, 348, 363, 375, 386, 397, 402
Houtman, Cornelis de (Sea Captain), 21
Huender, Dr W. (Civil Servant), 394, 395, 397, 398, 401
Humanitarianism, 36, 82, 155, 161, 163, 164, 175–76, 219–20, 429
Hurgronje, C. Snouck (Orientalist), 236–37, 246, 251, 268, 279, 368, 420, 465
Hygiene. *See* Public Health

Idenburg, A. W. F. (Col. Min. 1902–5, 1908–9, 1918–19; G.-G. 1909–16), 229, 233, 235, 236, 244, 247, 249, 268, 271, 272, 290, 303, 330, 333, 352, 353, 354, 372, 393, 404
Imhoff, G. W. baron van (G.-G. 1742–50), 35, 159
Imperialism, 229. *See* Expansion, Policy of
Imports, under Native Rule, 9; under E.I. Co., 33, 43; under Raffles, 68; Statistics of, 101, 105, 130, 131, 136, 138, 145, 171, 172, 200, 207, 215, 216, 233, 339, 401, 429, 430, 431; Restriction of, 438–40; Origin of, 170, 338, 430, 433; from Netherlands, 95, 104, 105, 130, 143, 145, 170, 171, 227, 338, 431, 440; from England, 68, 95, 101, 105, 107, 130, 143, 171, 431; from Japan, 131, 406, 414, 430–33
Imports of Cotton Goods, 9, 22, 31, 32, 33, 43, 68, 95, 104, 105, 107, 130, 131, 136, 138, 143, 145, 171, 172, 207, 208, 213, 215, 216, 227, 339, 401, 406, 431, 459; of Copper, 131; of Fertilizers, 131, 172, 207, 208, 339; of Indigo, 318; of Iron and Steel, 9, 131, 172, 207, 208, 339; of Machinery and Tools, 131, 172, 200, 207, 208, 339; of Motor-cars, 330; of Rice, 45, 47, 138, 207, 210, 215, 216, 339, 401, 439; of Soya beans, 439
Income, Family, 216, 234, 397, 398, 400
Income Tax, 339, 342, 347–48, 385
India, signifies Netherlands India, 2
India, British, Continental, 4, 9, 14, 15; Administration, 51, 59, 70, 90–91, 107, 125, 135, 160, 188, 219, 228, 231, 251, 259–60, 266, 283, 289–91, 323, 342, 361, 379, 390, 393, 442, 465–67; Caste in, 141, 450; Dutch in, 35, 55, 176; English in, 247, 282, 420, 450; Education in, 369–70, 371, 376; Nationalism in, 238, 245, 467; Social Economy, 14, 107, 250, 320, 375, 402–3, 451, 455, 466
Indian Party (I.P.), 244, 245, 249
Indian Roman Catholic Party, 248, 255
Indian Social Democratic Party (I.S.D.P.), 248, 249
Indian Social Democratic Union (I.S.D.V.), 248

Indian Society, 251, 253
Indies, West, 101, 110, 111, 351
Indigo, 34, 37, 39, 42, 101, 104, 107, 116, 117, 119, 120, 127, 129, 137, 138, 142, 165, 168, 169, 171, 318, 386
Indirect Rule. *See* Direct Rule
Indisch Genootschap, 273, 415
Indisch Verslag, 1, 324, 387, 396
Indische Gids, 416
Individualism, 139, 150, 183, 218, 235, 294, 435, 448, 452; in Burma, 454, 460
Indo (Eurasian), 212, 239, 244, 245, 248, 251, 274, 435, 465
Indo-China, Rice from, 439
Indonesia, Indonesian, 4–7, 8, 11–12, 14, 251, 253
Indonesian Society, 253
Industrial Disputes. *See* Strikes
Industrial Revolution, 51, 68
Industry and Agriculture, 348, 451, 468
Industry in Netherlands India, European, 234, 303, 332, 333, 334, 397, 403, 429, 433, 451; Native, 233, 234, 321, 332, 374, 376, 397, 398, 399, 414, 433, 455; Chinese in, 409, 413. *See* Departments
Inlandsch Reglement, 1848, 124
Institutes, Institutions, Cultural, 128, 155, 304, 415, 416; Economic, 333, 334, 375, 433; Scientific, 304, 305
Instructions, Official, to Daendels, 64, 66; to Commissioners-General, 84; to Van den Bosch, 115, 119, 122, 269; to Residents, 92, 123, 189; to Regents, 92, 189; to Controleurs, 193
Insulinde (Nationalist Society), 245, 249
Intelligentsia, 243, 250, 254, 363, 364, 372, 399
Internationale Crediet en Handelsvereeniging, 170, 197, 198, 335
Ireland, Irish, 268, 446–47
Iron. *See* Imports
Irrigation, 5, 7, 10, 13, 128, 137, 141, 175, 184, 185, 195, 199, 211, 225, 234, 303, 317; area under, 323–24; 344, 346, 352, 364, 397, 403
Islam. *See* Moslem
Italy, Italians, 178; Capital, 311

Jaarcijfers (*Kolonien*), 1, 324, 329, 393, 396
Jacatra, 26–29, 32, 40, 45, 47, 108
s'Jacob, F. (G.-G. 1881–84), 225, 326
Jacobins, Dutch, 52, 58; French, 54
Jaksa (*Djaksa*), 124, 125*n*., 297, 298
Jambi (Malayu), 2, 27, 237
Janssens, J. W. (G.-G. 1811), 67, 84, 98, 152, 153
Japan, Japanese, 35, 238, 243, 333; in Amboyna, 29, 30; Capital, 310–11, 335, 336, 405, 406, 433; Population, 405; Legal Status of, 241, 347; Trade with, 131, 375, 414, 429, 433; Economic Penetration by, 305, 328, 406, 414, 429, 430–33, 437, 439
Japara, 9, 33, 40, 242
Java, includes Madura, 2; Political Geography, 2–4, 7–8; Peoples of, 4, 386; Dutch conquest, 31–33; Annexed by England, 67; Restored to Dutch, 85; Java War, 104, 106, 126, 134, 177; Predominance in Netherlands India, 238; Provinces of, 284; Religion of, 15, 378; Villages in, 11–12, 381–82, 386
Java, Government of North-East Coast, 35, 36
Java Bank, 102, 132, 149, 169, 197, 198, 335, 341; Annual Report, 429, 431, 439, 443
Java Institute, 128
Jews, 446
Jogyakarta (Jogya), 33, 34, 71, 90, 258, 371
Judicial System, under E.I. Co., 35, 61; under Daendels and Raffles, 65, 67, 71; under Crown Rule, 88, 123–24; Reforms of 1848, 187–89; under Constitutional Regulation of 1854, 295–98; Expenditure on, 134, 211, 344. *See* Courts of Law
Judiciary, Independence of, 54, 60–61, 67, 82, 157, 188, 295
Jury, 71, 88

Kapok, Cultivation, 319, 338, 437; Native Industry, 320, 321, 414, 434, 455
Kartini, Raden Adjeng (Educationist), 242–43, 246, 367, 419, 420

Kedu, Annexed, 88; Mortgaged, 99
Kielstra, Dr E. B. (Economist), 233, 234
Kleintjes, Mr Ph. (Jurist), 157*n.*, 278–80, 290
Kol, H. H. van (Socialist Deputy), 229, 230, 232, 233, 235, 246, 273, 274, 326, 333, 353, 372, 394, 395, 401
Koloniale Bank, 197, 198, 335
Koloniale Raad, 274–75
Krom, Dr N. J. (Orientalist), 14
Kunstkringen. *See* Culture Circles
Kutei, 9, 328
Kuyper, Dr A. (Minister-President, 1901–5), 175, 229, 268

Labour, Labourers, Provision of, 181, 231, 327, 351–53, 355, 409; Protection of, 346, 354–56; Regulation of, 181–82, 351, 353
Labour and Capital, 227, 232, 348–50, 356–57, 399–400, 451–52, 468
Labour Party, in Europe, 227, 230, 399; in Netherlands India, 248–49. *See* Socialism
Laceulle, F. A. E. (Civil Servant), 385, 387, 388
Laisser-faire, Policy of, 174, 183, 217, 222, 257, 303, 313, 322, 439, 441
Lampongs, 177, 352
Lancaster, J. (English Sea-Captain), 27
Land, Free and Unfree, 179; Policy, 41, 47, 57–60, 69, 74, 86–87, 92–93, 102, 120–21, 162, 164, 178; Alienation of, 41, 46, 47, 179–80, 320, 397; Size of Holdings, 319, 397; Land and Chinese, 41, 46, 47, 58, 66, 214, 413; and Europeans, Estates (*P. Landerijen*), 14, 34, 58, 76, 120, 168, 214, 234, 310, 312–14, 413; Leases (*Erfpacht*), 102, 103, 112, 120, 121, 158, 168, 175, 195, 306, 312–14, 316; Concessions in Native States in Java, 93, 120, 168, 312–13, 314; in Outer Provinces, 312–13, 315–16; Land-hire, 92, 102, 103, 112, 116, 120, 121, 158, 162, 166, 168, 178, 179, 195, 312–13, 314–15; Land and Natives, 5, 12–14, 57–60, 69, 70, 86–87, 140–41, 164, 178, 180, 182, 319–20, 382–83, 397, 459; and State, 70, 106–7, 179, 195
Land-gerecht, 295–96
Land-gericht, 65
Land-raad, 36, 88, 189, 241, 297, 379
Land-rent (revenue), 11, 13, 57–58, 65, 71, 72, 74, 75, 87, 88, 96, 97, 103, 111, 112, 115, 118, 133, 209, 323, 342, 384–85, 418
Language, Dutch, use in schools, *see* Education; by Natives, 221; Language of *Volksraad*, 276; English Language, 240; Native Languages, Study of, 77, 128
Law, Dutch, European, 36, 71, 218, 241, 296; Chinese, 36; Mahommedan, 36, 218, 296; Native, 12, 36, 44, 218, 295–96
Law, Rule of, 146, 158, 187–90, 262, 295, 461, 465–67
Law and Order, 122, 151, 189, 222, 291, 344, 461
Law Courts. *See* Courts
Leiden, 152, 236, 382, 403
Liberal Party, 62, 77, 148, 154–56, 161, 162–64, 228, 231, 248, 274
Liberal Policy, 57, 58, 77, 100, 152, 161–64, 175, 229–31, 403, 465; Administrative Policy, 187–95, 251, 263, 273, 295, 339, 420; *see* Unification; Labour Policy, 181–87; Land Policy, 164, 165, 168, 178–81, 319; Fiscal Policy, 165–66, 208–11
Liberalism in the Netherlands, 81–82, 124, 148, 152, 154, 175, 218; Liberalism and Netherlands India Government, 43, 50, 63, 69, 85, 94, 109, 126, 133, 135, 150, 151, 153, 155, 156, 162–67, 174–75, 222–23, 225–27, 245, 294, 392, 396; and Native Welfare, 172, 214, 231, 232, 322, 382, 401, 453, 460–61; and Europeans, 212, 295; and Chinese, 213; and Economic Progress, 195–208, 303–4; and Education, 218–21, 364, 389; and the Press, 160, 245
Libraries. *See* Literature
Limburg Stirum, J. P. graaf van (G.-G. 1916–21), 248, 249, 250, 276–77
Linschoten, J. H. van (Geographer), 21

List, F. (German Economist), 462
Literacy, 221, 364, 404
Literary Societies, 415
Literature, 14, 425; Popular Reading (*Volkslectuur*), 378, 421–24
Litigation, 466
Loans, State, of 1826 to 1828, 106, 134, 148; of 1839–40, 149; of 1883, 1898, 211; of 1912 *seq.*, 429, 443
London, Great Exhibition of 1851, 145, 165
Loudon, J. (G.-G. 1872–75), 180

Macassar, 17, 27, 28, 31, 32, 33, 35, 88, 336
Mace, 9, 21, 321, 336
Machinery, Introduction of, 94, 128, 131, 172, 195, 200–201, 207–8, 334, 339, 349
Madioen Council Hall, 291
Madura, 1; included in Java, 2; 9, 32, 33, 34, 258, 347, 348; Madurese, 4, 11, 182, 352, 386, 391
Mahommedans. *See* Moslem
Maize, 18, 136, 320, 440; as food, 215, 397
Majapahit, 8, 9–14, 18, 464
Malacca, 2, 9, 15, 16, 17, 18, 25, 26, 31, 32, 33, 35, 88, 425; Straits of, 2, 3, 6, 18, 67
Malay, Language, 89, 276; People, 4, 350
Malay Archipelago, Peninsula, Geography, 1–4; 35, 42, 55
Malaya, British, Emigration to, 351
Malayu (Jambi), 2
Malefitt, J. H. de Waal (Col. Min. 1909–13), 274
Manila, 25, 26, 131
Mansvelt, Dr W. M. F. (Historian), 81, 115
Manufactures in Netherlands India, 101, 102, 107, 136, 155–56, 333, 433; Swiss, 145. *See* England *and* Netherlands
Market, Netherlands India as, 68, 102, 227
Marketing of Produce, in Java, 94, 99, 165, 169; in Netherlands, 111, 116, 144
Markets, Native. *See* Bazaars
Mataram, 11, 18, 22, 23, 32, 33, 34, 39, 42, 43, 44
Mauritius, 55, 67
Max Havelaar, 161, 193, 246, 353. See *Multatuli*
Mecca, 15, 379
Medicine, Doctors, Number of, 362, 373; Training of, 219, 247; Demand for, 175, 295, 362, 373; Hospitals, 363, 380; Medical Service, 251, 265; Expenditure on, 344, 363, 380; Europeans and Native Doctors, 218, 244, 247, 374–75
Meijer Ranneft, Dr J. W. (Vice-President, Council of India), 387, 395, 419, 425–26
Melanesians, 4
Menangkabau, 47, 455
Mercantile Bank, 335
Merkus, P. (G.-G. 1841–44), 116, 120, 126, 135, 136, 139
Middle Class, Absence of, 398
Migration, 352, 455; Emigration, Policy, 303, 364, 403; from Java, 327, 351–52; from Netherlands India, 351; Immigration, 353–56
Mijer, P. (Col. Min. 1856–58, 1866; G.-G. 1866–72), 164, 184, 266
Military Charges, 134, 344
Militia Tax, 38, 208
Mill, John Stuart, 461
Millioenen uit Deli, 353, 354, 459
Minahassa, 378, 380
Mineral Production, 329; and Social Economy, 407. *See* Coal, Oil, Tin
Mines and Private Enterprise, 202–3, 222, 325–26; State exploitation, 202–3, 265, 326–27; Labour in, 355; Legislation, 202–3, 232, 265, 325–26; Mines Service, 327, 416
Minto, Lord (G.-G. British India, 1807–13), 76
Missions, Missionaries, Portuguese, 17; Admission of, 218–19; and Education, 219–20, 381; and Hospitals, 380; and Native Welfare, 397; Periodical, 415
Moira, Lord (Marquess of Hastings, G.-G. British India, 1814–23), 76
Moluccas (Spice Islands), 1; Products, 2, 9, 21, 31, 42; Moslems in, 15; Portuguese in, 16–17; Population, 22, 42; Dutch and English in, 25–29; Dutch rule in, 31, 39, 41–42
Money, J. W. B. (English Writer), 128, 135, 139, 362, 420

Money. *See* Currency
Money Economy, 357, 397
Money-lending, 107, 118, 138, 143, 320, 412, 413, 416, 455, 466
Monopolies, Farming of, 166, 167
Monopolies, State, 208, 340–42, 413
Monopoly, Policy of, 22–23, 38, 50, 69, 82, 94, 97, 113, 116, 119; of Netherlands India Steamship Co., 206; of Cinchona, 305; of Kapok, 437; under English E.I. Co., 69
Montesquieu, 54
Moors. *See* Moslem
Moslem, Expansion, 4, 7, 14, 15, 16, 17, 18, 20, 23, 43, 45, 425
Moslem Clerics, 190, 379; Law, 36, 218, 296; Religion, 160, 176, 229, 246; and Nationalism, 238, 250, 254; Moslem Schools, 190, 378
Motor traffic and State, 330
Motor-cars, Imports of, 330, 428; Ownership of, 348; Taxis, 331
Multatuli (E. Douwes Dekker), 1, 161, 162, 226, 228, 244, 382. See *Max Havelaar*
Muntinghe, Mr H. W., 64, 68, 69, 70, 74, 75, 77, 84, 86–87, 97–99, 100, 101, 103, 104, 106, 107, 108, 116, 121, 122, 138, 139, 153, 174, 403, 455
Music, 14, 417, 424–25, 458

Napoleon, 55, 63, 64, 67, 80, 85
Napoleon, Louis, King of Holland, 55, 63, 84
National Assembly of Batavian Republic, 55, 56
Nationalism, Rise of, 238–39, 242–46, 264, 268, 421; Progress of, 248–55, 304; Nationalism and the Government, 247, 274–77, 300; and Chinese, 238, 239–42, 411, 414; and Indos, 244; and Europeans, 245–48, 255, 405, 408, 426; Nationalism and Religion: Moslem, 250, 255; Christian, 255, 381; Nationalism and Education, 254, 367–68, 376–78, 419; and Hygiene, 363–64; and Communism, 242, 250, 253; and Economic Progress, 254, 304, 322–23, 407, 462; Nationalism in Plural Society, 459, 467–68
Nationalists and the Volksraad, 276, 278, 279. *See* Non-co-operation
Native Heads, 157, 158, 191–93
Native States, in Java, 12, 34, 65, 74, 93, 100, 106, 168, 204, 258, 284, 313–14, 401–2; in Outer Provinces, 177, 237, 259, 313, 315–16
Native Welfare, under Native Rule, 14, 44; under E.I. Co., 41–42; under Raffles, 73, 77; under Crown Rule, 93, 101, 107, 117–18; under Culture System, 134–41, 150–51; under Liberals, 172, 214–22, 223; under Ethical Policy, 332–33, 340, 396–404; and Crisis of 1929, 444–45; Expenditure on, 134, 344; Population, 214, 233, 332, 404; Income, 216, 234, 397, 398, 400; Clothing, 14, 402; Food, 137, 214–15, 399, 403, 444; Housing, 14, 348, 363, 375, 386, 397, 402
Natives, Economic activities of, under Native rule, 9, 10, 15; under E.I. Co., 33, 43–45, 47–48, 57–59; under Crown Rule, 75, 86, 101; under Liberals, 303; Promotion of, 107, 233–34, 346; Natives in Agriculture, 317, 318, 319–23; in Banking, 254, 336, 361; in Commerce, 325, 406; in Government Service, *see* Administration; in Industry, 325, 333, 374–75, 414, 434; in Mines, 327; in Transport, 330–31; General Review, 455–57
Natives, Political Enfranchisement, in Local Councils, 272; in *Volksraad*, 280–81
Natives, ranked as Europeans, 347
Natural History Association, 304
Nederburgh, Mr S. C. (Commissioner-General, 1791–95), 56, 59, 61, 62, 68, 74, 84
Nederland Overzee Trust, 371
Netherlands. *See* United Provinces, Batavian Republic and Holland, Kingdom of; Annexation to France, 55, 67, 245; Kingdom of the Netherlands, 81–82; Government of, *see* Fundamental Law *and* States-General; Financial Position, 108, 119, 148, 210, 231; Politics, 54, 148, 162–64, 228–29, 230, 262, *see* Parties; Local Government, 269–70, 284, 286;

People, 80, 81, 111, 139, 141–42; Banking, 197; Manufactures, 95, 111, 144–45; 148, 165; Shipping, 94, 144, 145; Trade, 21, 95, 97, 111, 144, 338, *see* Exports *and* Imports; Netherlands and the Culture System, 144, 151–52
Netherlands Bank, 83
Netherlands Trading Company (*Nederlandsche Handelmaatschappij* —N.H.M.), Foundation, 97–98; 99, 103, 105, 106, 123, 153, 174; and Culture System, 113, 117, 119, 121, 128–29, 130, 131, 143, 144, 149, 150, 169, 172, 310; and Private Enterprise, 162, 169, 197–98, 335
N.-I. Escompto Maatschappij, 170, 335
N.-I. Handelsbank, 170, 197, 198, 335
New Guinea, 1, 4
Newspapers. *See* Press
Nienhuys (Tobacco Planter), 177, 315
Nipa, 167. *See* Arak
Nivas. *See* Sugar
Non-co-operation, Political, 250, 254, 359
Nutmeg, 9, 21, 31, 41, 165, 177, 319, 336

Occupation Tax, 209
Octroi, 38
Oesada, Dr W. S., 243, 367
Officials, and Politics, 247, 282; and Press, 211, 247, 269, 282–84, 415–16
Oil Companies. *See* Petroleum
Oil Palms, 319
Oils, Essential, 319, 321
Oldenbarnevelt, J. van (Statesman), 23
Ombilin, Coal mine, 203, 326, 327; Railway, 204
Ommelanden (Environs of Batavia). *See* Batavia
Ondernemersbond, 308
Ons Program (Anti-Revolutionary Manifesto), 175, 176, 229
"Ontvoogding" (Distutelment), 264, 267–69, 292, 293
Oosthoek, 33, 57
Opium, 33, 60, 77, 89, 102, 105, 167, 208, 213, 265, 336, 397, 412, 413
Oppenheim Committee, 279
Opperhoofd, 35, 49
Opziener, 37, 88, 101, 125, 193
Orange, House of, 54, 81, 109
Ordinances, 158
Oriental Bank, 196
Outer Possessions, 2, 258
Outer Provinces, Defined, 2, 258; Population, 177, 347; Chinese in, 213, 241, 348, 355, 412; Europeans in, 212, 312–13, 315–16; Japanese in, 431, 432; Administration, 32, 35, 88, 103, 176–78, 189, 208, 236, 258–59, 267, 271, 284–85, 287, 288, 290, 295, 297, 340, 362; Economic Development, 39, 41–42, 167, 169, 177, 202, 222, 225, 231, 303, 308–13, 315, 316, 322, 329–31, 334, 336–37, 349, 351, 356, 395; Communications, 205, 329, 330, 331; Labour in, 181, 349–56; Education, 364, 380–81
Overstraten, Mr P. G. van (G.-G. 1796–1801), 64, 109
Owen, Robert (English Socialist), 110

Padang, 32, 87, 176; Coal-field, 203–4, 207; Cement Factory, 434, 439, 440
Paddy (Unhusked Rice). *See* Rice
Padris, 176
Pahud, C. F. (Col. Min. 1849–56; G.-G. 1856–61), 156
Painting, 14, 425
Palembang, 2, 9, 32, 73, 95, 176, 177, 202; Oil in, 328
Pantjendiensten. *See* Compulsory Services
Papuans, 4
"Parks", *perkeniers*, 31, 41
Parliament, English, 50, 51; Dutch, 194, 199, 212, 222, *see* States-General; Indian, 273, see *Volksraad*
Parties, Political, in Netherlands, Parties of Right (Anti-Revolutionary, Calvinist, Catholic, Clerical, Conservative), 148, 156, 159, 161–65, 175, 180, 210, 228–29, 230, 233, 248, 353; of Left (Communist, Labour, Liberal, Radical, Socialist), 62, 77, 148, 154–56, 159, 161–64, 175, 228–29, 230, 231, 248, 274, 326, 353; Party

Parties (*cont.*)
Government in Netherlands, 154, 156, 162, 164–65, 175, 228–29; Parties in Netherlands India, European, 244, 245, 248–49, 255; Native, 243–44, 253–54
Patih, 34, 191–93, 258
"Patriots" (Party in United Provinces), 54
Pawnshops, 73, 77, 89, 167, 208, 213, 240, 265, 343, 359, 374, 402, 412, 413
Peasant Cultivation, 75, 99, 100–101, 138; in Banda, 42
Penal Code (1866, 1872, 1918), 163, 188, 253, 295
"Penal Sanction", 181, 353, 354
Penang, Imports from, 430
Peoples of Netherlands India, 4
Pepper, 9, 22, 23, 32, 37, 39, 40, 42, 58, 60, 63, 69, 143, 165, 168, 319, 321, 336
Periodicals. *See* Press
Persia, Imports from, 9, 33
Petrol Engine, 330–31, 334, 455
Petroleum, 203, 237, 309, 326, 336, 407; Capital in, 227, 311–12; Companies, 227, 311, 327–29; Japanese in, 432; Output, 328, 337. *See* Exports of Oil
Philip II, King of Spain, 17, 20
Philippine Islands, 1, 9, 17, 25
Piepers, Mr M. C., 187–88
Pierson, N. G. (Economist), 167
Piracy, 31, 32, 129, 178, 202
Plague, 333, 362, 364
Plancius, P. (Geographer), 21
Planned Economy, 99, 101, 111–12, 117, 174–75, 222, 462–63
Plantation Agriculture, 222, 312–18, 322
Planters, under Crown Rule, 93, 102–3, 138; under Culture System, 120–21; under Liberals, 195–96, 215; in Outer Provinces, 177, 315; British Planters, 227; Planters and Government, 224; and Local Councils, 271; Federations of Planters, 304, 307–8; Financing of, 196–99; Interests of Planter, 155–56, 175, 225, 272, 323, 330, 344, 362; Planters and People, 168, 183, 232, 315, 317, 321, 323, 346, 383, 407; and Missionaries, 381
Pleyte, Th. B. (Col. Min. 1913–18), 267, 274, 275, 284, 289
Plural Economy, 447–69. *See* Plural Society
Plural Society, 8, 45, 47, 48, 141, 213, 222, 223, 239, 446; Chinese in, 411, 413, 414, 419; Europeans in, 404; Natives in, 425–26; Plural Society and Economic Life, 348–55; and Education, 364–66; and Popular Government, 271–72, 275, 280, 284–89; and Welfare, 390, 396, 400
Polanen, R. G. van, 66
Police, Regulations (1829, 1848), 123–24, 181, 188; Organization, 88–89, 123; Service, 298–99; Training School, 373; Cost of, 134, 344; Police Functions, 89–91, 92, 190, 260
"Police Roll", 92, 187, 241
Political Economy Bond, 248, 255
Political Geography, 2–4
Poll-tax, 167. *See* Capitation Tax
Polynesians, 4
Popular Credit (*Volkscrediet*), 240, 252, 265, 299, 306, 307, 322, 346, 357–61, 374, 383, 388, 403, 413, 416
Popular Reading (*Volkslectuur*). *See* Literature
Population, European, 148, 172, 212, 233, 239, 347–48, 404; Foreign Oriental and Chinese, 46, 144, 213, 347–48, 408; Native, 101, 136, 138, 167–68, 172, 195, 214, 215, 233, 347, 400, 401, 403; of Outer Provinces, 177, 349, 351; Population and Welfare, 168, 172, 195, 214, 233, 400, 401, 403–4
Porcelain, Imported, 9, 43
Portugal, Portuguese, 6, 9, 14–18, 20, 23, 25, 26, 29, 36, 43, 425, 465
Post-Commandant, 37
Postal Service, 58, 65, 174, 204–5, 208–9, 331, 374
Potato, 320, 322; Sweet Potato, 18, 320
Preanger, 32, 33, 34, 36, 37, 75, 93, 108, 112, 115, 168, 204, 322; Preanger System, 118
Pre-Capitalism, 453, 456–57, 460
Prefects (Prefectures), 65, 71
President, of Trading Post, 35

Press, 159, 160, 211, 411; Freedom of, 159, 160, 245, 423; Officials and, 211, 247, 269, 283, 415; Newspapers, Periodicals, European, 159, 245, 282, 415–17; Native, 245, 412, 419, 420–21, 423–24, 425; Chinese, 160, 411, 419; Government Press, 159, 208, 209
Priangan. *See* Preanger
Prices, 41, 48, 94, 96, 99, 101, 106, 107, 116, 196, 233, 309, 396, 429; of Coffee, 40, 94, 196, 233, 309; of Copra, 309; of Indigo, 117; of Paddy, Rice, 210, 394; of Rubber, 429; of Sugar, 117, 142, 196, 233, 309, 429; of Tin, 233, 309, 429
Prinsterer, Groen van (Anti-Revolutionary Leader), 156, 159, 175
Private Enterprise, under E.I. Co., 38–39, 60; encouraged by Raffles, 69; under Crown Rule, 92, 93, 97, 102, 159; under Culture System, 115, 119, 121, 130, 141, 148, 160; encouraged by Liberals, 162, 166–67; in agriculture, 169, 170, 178–79, 182–83, 192, 195, 199; in forests, 201–2, 325; in industry, 234; in mines, 202–3, 326–27; in oil, 327–28; in railways, 204, 329; in telephones, 205; Private Enterprise and Politics, 155–56, 225, 248, 271, 273
Produce, Major Head of Revenue, 208–9, 341–42, 442
Production, Agricultural, Output, 127, 167–69, 195–96, 312–22; per head, 398–99; Methods, 127–28, 142, 168, 172, 199–201, 303–9
Production Goods, 208, 226, 434
Protection of Industry, 430, 438–40
Province (Administrative unit), 266, 284
Public Buildings. *See* Public Works
Public Health, 85, 89, 92, 123, 270, 291, 346, 361–64, 380, 388, 403
Public Works (Roads and Buildings), under Daendels, 66; under Raffles, 75–76, 85, 95; under Crown Rule, 89, 92, 95, 106, 128, 135; under Parliament, 184–85, 222, 226, 230; in Outer Provinces, 330; Public Works Department, 89, 184, 189, 226, 251, 266, 299, 330, 374, 416; Expenditure on, 230, 266, 270, 344
Putte, I. D. Fransen van de (Col. Min. 1863–66, 1872–74), 136, 161–67, 175, 176, 180, 183, 184, 191, 200, 204, 216, 231

Quota System of Trade, 439–40

Raad van Aziatische Bezittingen. *See* Asiatic Council
Raad van Indië. *See* Council of India
Radical Party, 228; Radical Block, 249
Raffles, Sir T. S. (L.G. of Java, 1811–16), 41, 42, 47, 67–76, 85–89, 91, 93, 95, 96, 98–100, 101, 103, 104, 106–8, 109–10, 117, 122, 123, 126, 139, 150, 151, 153, 155, 159, 176, 202, 208, 209, 216, 239, 242, 362, 392, 395, 403, 410, 453, 466
Railways, 128, 203, 204, 208, 214, 222, 234, 329–30, 340, 341, 344, 352, 374
Ranneft, Dr J. W. Meijer. *See* Meijer Ranneft
Reading. *See* Literature
Red Sarikat Islam, 253
Reforms, of 1791, 1795, 56; of 1801–3, 59–63, 122; of Overstraten, 64; of Daendels, 64–67; of Judicial Administration, 124, 187; of Mullemeister, 264, 266, 267; Administrative and Political (*Bestuurshervorming*), 257, 264, 267, 278, 284; Revision (*Herziening*), *see* Revisional Commission; Re-adjustment (*Herschikking*), 257, 265, 269, 293
Regency, Regents, under E.I. Co., 33, 34–35, 37, 38, 44, 46; under Daendels, 65; under Raffles, 71, 72, 107; under Crown Rule, 88, 90, 92, 101, 126; Regencies reorganized, 191, 258, 259; Regents, Status, 90, 107, 122, 124, 140, 143, 151, 158, 192, 251, 261, 300, 363; Emoluments, 34, 40, 65, 90, 102, 115, 118, 126, 193, 251; Functions and Powers, 34, 62, 92, 101, 125, 188, 189, 190, 191, 193–94, 258–60, 268–69, 292, 295, 299, 363–64, 379, 385–89, 391–92; in *Volksraad*, 275; Regency Councils, *see* Councils; Regency Courts, 88, 91, 125*n*., 297

Regents, in United Provinces, 54
Religion, Local Distribution, 378; Policy regarding, 378–80
Rembang, 33, 65
Rengers, Mr W. J. van Welderen, baron (Historian), 165*n.*
Rent, Legislation, 179, 195, 214, 315
Reports, Official, of Committee of 1790, 56, 62; of Reforms Committee, 1802–3, 59–64, 65, 86, 89, 91, 92, 108, 122, 179; of Du Bus, (1826), 100; (1827), 100, 102, 103, 108, 110; of Van den Bosch, on West Indies, 110. *See* Enquiries
Residency (Administrative Unit), Founded under Daendels, 65; under Raffles, 71; under Dutch rule, 88, 191; Constitution, 258; Residency (New Style), 292; Residency Council, *see* Councils
Resident, under E.I. Co., 35, 36; under Daendels, 65; under Raffles, 71; Emoluments, 102, 116, 192, 301; Functions and Powers, 36, 65, 71, 72, 89–92, 101, 119, 123, 124, 125, 185, 187–94, 260–61, 266, 272; Instructions to, 123, 189
Revenue, Central, under Native Rule, 5, 13; under E.I. Co., 37–38, 48, 57, 58; under Daendels and Raffles, 65, 71–76; under Crown Rule, 84, 86–87, 88, 96, 97, 99, 103, 111, 112; under Culture System, 115–16, 118, 132–35; under Liberals, 167, 172–73, 208–10, 211, 213, 222, 233; Reorganization, 339–45; after Crisis of 1929, 441–43; Major Heads, 208–9; Revenue and Expenditure, Statistics, 96, 132–33, 172, 209, 341, 342, 428, 442–43. *See* Land Revenue
Revenue, Local. *See* Councils, Local *and* Village
Revisional (*Herzienings*) Commission, 257, 265, 272, 277, 279, 284, 289, 292
Revolution, Dutch (1795), 54, 55, 57; Revolutionary Movement in Netherlands, 249, 276; in Netherlands India, 248, 253
Rice, as Medium of Exchange, 9; as Tribute, 33, 37; Cultivation, 5, 10, 57, 62, 101, 127, 135–37, 167, 195, 317; on Plantations, 120, 168; as Food, 22, 215, 321, 399, 439; Price, 38, 210, 394. *See* Exports *and* Imports
Rights, Freedom of Assembly, Press, and Religion, 82–83, 159, 245–46, 423
Roads. *See* Public Works
Rochussen, J. J. (G.-G. 1845–51; Col. Min. 1858–61), 137, 155, 160, 166, 204, 205, 227
Roman Law, 92, 151, 291
Rothe, Dr Cecile (Economist), 308*n.*, 430
Rotterdam, 24; Bank, 170, 196
Rouffaer, G. P., 233, 332
Rousseau, J.-J., 54, 81–82
Rubber, Government Rubber Business, 265, 306; European Cultivation, 308, 316, 318, 319; English in, 310; Native Cultivation, 306, 318, 320–21, 322, 438; Restriction of, 318, 428–29, 435, 438; Area under, 319; Price, 429. *See* Exports
Russia, 62, 238, 253
Rust en Orde, 122, 126, 140, 246, 261, 464–65

Sabang, Coaling-station, 331
Sago, as Food, 22, 39, 42
Sale of Produce, in Java and Netherlands. *See* Marketing
Salt, Tax, 5; Import, 9; Administration, 73, 77, 89; Revenue, 76, 133, 172, 208; Consumption, 133, 136, 139, 399
Salvation Army, 379
Sarawak, 177, 351
Sarikat Islam (S.I.), 244, 248–50, 253, 254, 452; (P.S.I.I.), 254
Schepenen. *See* Aldermen
Schimmelpenninck, J. R. (Council-Pensionary, 1805–6), 63
Schools, Dutch, Primary, 89; Secondary, 212, 225, 364; Non-Europeans in Dutch Schools, 221, 364, 368; Dutch-Vernacular, Primary, 368, 369; Mulo, 369–70; General Middle Schools, 370, 376; Vernacular, Regency Schools, 218–19; Village Schools, 295, 367, 383, 388, 390, 422; Private Schools, 220, 364, 366; Second-Class (Standard) Schools, 221, 364,

367, 422; First-Class Schools, 221, 364, 366, 368; Schools for Foreign Orientals, 364, 370, 377, 410, 411, 418; High Schools, 252, 370, 371, 373; Technical and Vocational Instruction, in Vernacular, 219, 307, 332–33, 370, 371–72, 373, 374, 375, 376; in Dutch, 247, 252, 333, 368–74, 406; School Curricula, 221, 364, 369; Medium of Instruction, 89, 368, 377. *See* Education
Secretariat, 88, 157, 257, 373; and Departmental Heads, 282
Secretary of Resident, 258
Semaon, Communist Politician, 250, 253
Semarang, 33, 76, 160, 204; Municipal Administration, 291
Services, Specialist, 125, 251, 252, 265, 294, 299, 389–90. *See* Civil Service
Shadow Play, 4, 419, 424
Shell Oil Co., 311, 328
Ships, Shipping, Native, 9; under E.I. Co., 21, 43, 75; Dutch, 94, 105, 111–12, 117, 129, 144, 145, 148, 172, 205, 206; English, 94, 105, 170, 205, 206; American, 94, 105, 170; Japanese, 406, 440; Annual Returns of, 395; Introduction of Steamships, 129, 145, 174, 203, 205, 206, 222
Shri-Vijaya, 2, 7, 8. *See* Palembang
Siam, 40, 439
Siberg, J. (G.-G. 1801–4), 64
Silk, 9, 102, 131, 433
Silver, Mines, 326, 329. *See* Currency
Singapore, 2, 99, 105, 176, 205, 327, 348, 411; Acquired by English, 176
Singkep Mining Co., 203, 327
Slavery, Slaves, 42, 111, 159, 181, 349, 351
Smith, Adam, 58, 59, 69, 81–82, 91, 92, 448, 460, 462
Sneevliet, Communist Politician, 356–57
Social Demand, 447–49, 450, 459, 463
Social Economy, Indonesian, 5, 10–14; under E.I. Co., 43–45; under Crown Rule, 106–8, 110–11; Native, 135–41, 214, 238–39, 381–404, 419–26, 444–45; European, 141, 212, 404–8, 415–18, 426, 443–44; Chinese, 141, 143, 144, 213, 408–11, 418–19, 444
Social Engineers, Officials as, 261, 294, 389, 392
Socialism, in Netherlands, 228–29, 230–31, 248, 274, 326; in Netherlands India, 248–50, 276, 356; among Officials, 226, 230, 247
Societies, Cultural. *See* Institutes
Soeryaningrat, R. M. Soewardi (Nationalist Leader), 244, 378
Soest, van (Historian), 150, 392
Solo, *see* Surakarta; Solo Valley, Irrigation of, 323
Soya Beans, 136, 320, 439
Spain, Spanish, 16, 17, 20, 21, 25, 26, 27, 29, 31, 238
Spice Islands, *See* Moluccas
Spices, Spice Trade, 6, 15, 16, 20, 22, 39, 58, 60, 86, 113, 208
Spirits, Native. *See* Arak
Staatsinrichting, 1925. *See* Constitutional Regulations
Stadhouder, 25, 54, 81
Stamp Duty, 38, 208
Standard of Living, 14, 402–3
Standard Oil Co., 311, 328
Standen, 141, 381, 383. *See* Caste
Stannum Tin Co., 327
State Activities, in Netherlands, 83, 228; in Netherlands India, in Commerce, *see* Consignment System; in Cultivation, under Crown Rule, 93, 103, 115, 119, 120, 125, 127, 132, 139; under Parliament, 158, 160, 163–65, 166–67, 168–69, 183, 193, 195, 200, 210, 217; in Forests and Mines, 75, 201–2, 222, 265, 325–28; in Communications, 204, 205–6, 222, 234, 330; in Industry, 175, 234, 265, 303, 373, 430, 435–41; in Welfare Services, 175, 234, 251, 265, 303, 357; in Crisis of 1929, 430, 435–41; Netherlands India as State Business (*Staatsbedrijf*), 39, 83, 174
State and Society, 390, 463
State Land, 179
States-General, under Burgundian Rule, 21; and E.I. Co., 23–25; Franchise and Powers, 82, 154, 228; and Netherlands India, 85,

States-General (*cont.*)
160, 194, 199, 212, 222, 225, 226, 227, 262–63; and Indian Autonomy, 274–75, 279, 281; Intervention in Finance, 106, 173, 178, 211, 273, 281, 323; in Labour, 181, 186, 351, 353–54; and Culture System, 183; and Billiton Tin Co., 326; and Private Estates, 313–14
Statistics, Compilation of, 395–96; Accuracy of, 320, 324, 393, 396, 398; Utilization of, 396, 400; Statistical Surveys, 128, 233, 393–95
Statutes of Batavia, 36
Steam Transport. *See* Shipping
Steel. *See* Imports
Steinmetz, H. E. (Civil Servant), 393
Stevenson Restriction Scheme, 318, 428, 429
Steyn Parvé (Economist), 116*n.*, 132*n.*
Strikes, 250, 253, 255
Study Clubs, 254, 364
Stuw Group, 255
Sub-district, 125, 191, 259; Sub-district Officer, 125, 191–92, 389
Succession Duty, 38, 208
Suez Canal, 169, 174, 195, 196, 205, 207, 401, 428, 433, 441
Sugar, Introduced, 10; under E.I. Co., 39–42; under Daendels and Raffles, 75; under Crown Rule, 111; under Culture System, 116–18, 119–21, 135, 141, 142, 144, 161, 165; Cultivation, 118, 135–37, 142, 200, 317, 319, 428; Sugar Disease, 196, 200, 233; Production, 94, 127, 128, 195, 200, 316–17, 428, 436; European Plantations, Free Sugar, 121, 142, 167; Capital invested in, 310–11; Sugar Factories, 94, 128, 142, 168, 195, 317, 324, 436, 444; Combinations of Planters, 200, 307, 308, 436; Status of Planters, 212, 407; Planters and Natives, 323, 357, 386; Wages, 142, 354; Chinese Plantations, 41, 310, 413; Japanese Plantations, 406, 429, 432; Native Cultivation, 318, 320, 321, 456; Regulation and Restriction, 323; Sugar Law, 165, 169, 174, 183; Chadbourne Plan, 435–36; Prices, 94, 104, 142, 196, 233, 309, 429. *See* Exports
Sumatra, East Coast (Administrative Unit), Colonization in, 352; Culture Area, 310–11, 348; Tobacco, *see* Deli; Local Council, 271, 288
Sumatra, Political Geography, 2–4, 7–8; Moslem Penetration, 14–15; English in, 67, 69, 176, 227; Pacification, 95, 123, 176–77, 237; Unrest in, 253; Economic Development, 203, 204, 310–11, 312, 318, 322, 326–27, 329–30, 405, 407, 438
Sumbawa, 9
Sunda Islands, Lesser, 1, 9, 237, 312
Sunda Straits, 3, 18, 26
Sundanese People, Region, 4, 182, 352, 363, 386; Periodicals, 424
Super-tax, 342. *See* Income Tax
Supreme Court. *See* High Court
Surabaya, 9, 32, 33, 38, 65, 75, 76, 160, 204, 291, 328, 371; Rules of 1829, 123, 181, 188, 362
Surakarta (Solo), 33, 34, 258, 291, 401–2; Solo Valley Irrigation, 323
Susuhunan, 32, 33, 37, 90
Swadeshi, 375, 433
Swiss, Capital, 310–11; Manufactures, 145

Tapanoeli, Pacification of, 237
Tapioca, 321, 338, 397. *See* Cassava
Tariff, 105, 144, 163, 165–66, 215
Tasmanians, 4
Taxation, Salt, 5, 7; under E.I. Co., 38; under Raffles, 72; Taxation and Tribute, 38, 57, 86–87, 89, 115, 208; Taxation and Compulsory Services, 65, 116, 122, 162, 172; Dualism in Taxation, 208–9, 339, 342, 343; Pressure of, 216, 234, 385, 394, 395, 396, 397, 398, 403, 434, 441
Tea, under E.I. Co., 42; under Culture System, 127, 128, 131, 137, 142, 165; English in, 227; State Cultivation, 305, 310; Assam Tea introduced, 310; Area under, 319; Production, 127, 316; Native Cultivation, 320, 321; Restrictions on, 435, 437; Imports, 131, *see* Exports

Teak, 39, 75, 86, 113, 201–2, 325; Area under, 325
Tegal, 34
Telegraph, 174, 205; Wireless, 331, 418, 424
Telephone, 205, 265, 331
Tenement Tax, 72, 209
Tenures. *See* Land
Ternate, 15, 16, 17, 31, 32, 35, 41
Territorial Administration, Introduced by Daendels, 65; Extended by Raffles, 71; Adopted by Dutch, 88. *See* Administration
Theatre, 14, 417, 425
Thorbecke, 77, 152, 154–57, 159–60, 161, 162, 163, 164, 166, 218, 228
Tidore, 16, 17, 25, 26, 41
Tijdschrift van N.-I., 155, 160, 415, 416
Tiku, 27, 28
Timber, 34, 60, 201, 208, 325; Timber Firms, 201, 214, 413
Timor, 1, 9, 21; Pacification, 237
Tin, 9; under Raffles, 73, 76, 77, 202; under Crown Rule, 86, 89, 167, 177, 202; Production, 202, 329, 337; Restriction, 436, 437. *See* Exports
Tjipto, Dr Mangoenkoesomo (Nationalist Politician), 244, 364
Tjokro, Aminoto (Nationalist Politician), 244, 249, 250, 254, 276
Tobacco, Introduced, 18; Native Cultivation, 75, 94, 320, 321, 407, 455; on European Plantations, 168–69, 170, 177, 182, 196, 207, 227, 308, 310, 318, 319, 354, 407; Production, 196, 316; Tobacco and the Culture System, 104, 127, 142, 165, 167; *see* Exports
Toleration. *See* Religion
Tolls, 73, 158, 167, 209
Towerson, Gabriel (English President in Amboyna), 30
Town and Country, 348, 451, 468; Town lands Survey, 396; Urban Population, 348
Trade Routes, 2–3, 8, 14; Trade under Native Rule, 9, 13, 15; under Portuguese, 16, 18, 20–21; under E.I. Co., 22–23, 25, 37, 42, 50; under Batavian Republic, 58, 59, 60, 63; under Daendels and Raffles, 66, 69, 75–76, 78; under Crown Rule, 84, 85, 99, 101, 104–7; under Culture System, 119–21, 129–31, 144; under Liberals, 170–72, 207–8, 227, 303; and Crisis of 1919, 428–41; Department of Commerce, 304; Trade Statistics, 104–5, 129–30, 171, 207, 336, 337, 339, 399; Compilation of Statistics, 395; Changes in Character, 208, 226, 433–34; Trade with Europe and Asia, 338, 430, 433; Natives and Trade, 325, 374, 397, 406–7; Chinese, 397, 406; Japanese, 406, 430–33; Trade and Tribute, 37, 38, 48; Trade and Taxation, 86, 89
Trade Schools, 374
Trade Unions, 248, 250, 356, 416
Tramways, 329–30
Translations. *See* Literature
Treaties, with Native States, *see* Contracts; with English (1619), 28; (1824), 105, 176, 177, 178; (1871), 178; with Spain (1609), 25–26; Treaty of Amiens (1802), 55; Convention of London (1814), 83; Convention of Brussels (1902), 309
Trekkers. See *Blijvers*
Tribute, and Trade, 37, 38, 48; and Taxation, 38, 57, 86–87, 89, 115, 208
Tropical Far East, 6, 15, 17
Turkey, 124, 178, 238
Turks, ranked as Europeans, 347
Twenthe Cotton Industry, 144, 375
Twist, A. J. Duymaer van (G.-G. 1851–56), 166–67, 204, 269, 271

Uliassers, 17, 31, 39
Unification, Policy of, 222, 251, 267, 268, 292, 295, 339, 346, 408, 420
Unions, Planters', 308
Unitary Society, State. *See* Plural Society
United Kingdom. *See* England
United Provinces, 23, 51, 54, 80, 447
United States, Shipping, 105, 170; Capital, 311, 435; and Contract Labour, 356; and Plural Society, 446, 466
Utilitarianism, 461, 465

Vaccination, 89, 92, 362
Vaderlandsche Club, 255, 417

Vergadering, 124*n*., 125, 126, 194, 260, 261, 300, 306, 322, 333, 362, 376, 388, 389
Verponding, European, 209
Verschijndag, 124*n*., 125. See *Vergadering*
Veterinary Service, 265, 299, 344
Village, Indigenous Village System, 10–13, 381, 386; System of Raffles, 70–71, 76, 88, 107; Leasing of Villages, 60, 65, 66, 92, 112, 166, 179; Village Administration, 382–89; Autonomy, 126, 140, 157, 159, 182–83, 216–18, 232, 293–95, 382, 387, 389, 390, 404; Village Government, 124*n*., 126, 217, 293–95, 379, 381; Village Gathering, 383, 388; Village Policeman, 298, 381; "Priest", 379, 381; Village Economy, 126, 180, 381–82; Revenue, 384, 385; Village Services, *see* Compulsory Services; Village School, *see* Schools
Village Headman, Election of, 70, 107, 157, 387; Emoluments, 117, 166, 184, 214, 317; Functions and Powers, 101, 125, 128, 214, 261, 379, 382; and the Culture System, 116, 140, 382
Volkscrediet. *See* Popular Credit
Volkslectuur. *See* Literature
Volksraad, under Act of 1916, 245, 246, 248, 249, 254, 264, 265, 275–77; under *Staatsinrichting*, 1925, 278, 279, 280–84; and Church, 380; and Press, 416; and Welfare, 392, 394
Vollenhoven, C. van (Orientalist), 5, 11, 78, 106, 139, 269, 277, 279, 290, 293, 296, 390
Voltaire, 54, 81
Vrijheidsbond, 248

Waal, E. de (Col. Min. 1868–71), 164–65, 263, 266, 290
Wages, 136, 138, 142, 182, 183, 186, 200, 214, 227, 317, 334, 351, 354, 397, 398, 435; Minimum, 109, 354; of Indos, 435
War and Trade, 23; with Bantam and Mataram, 32–33; with England, 50, 51; Java War, 104, 106, 126, 134, 177; Belgian, 119, 148, 149; Achin, 176, 206, 211, 230, 233, 236, 263; World War, 1914–18, 245, 247, 267, 274, 308, 310, 330, 331, 333, 340, 371, 374, 394, 399
Water Rate, 323
Weaving, 334, 375, 433
Wedāna, 258, 259
Welfare Officers, 92, 294; Welfare Policy, *see* Ethical Policy *and* Native Welfare; Welfare Surveys, 393–96; Welfare Factors and Indicators, 395; Welfare defined, 400; Little Welfare Committee, 395
Weltevreden, Headquarters of Government, 61
West Indies, 101, 110, 111
Westerrode, de Wolff van (Civil Servant), 357–59, 388
Whipping (Caning), 188, 297
Will and Law, 146, 467
William the Silent, 23; William V, Stadhouder, 54, 81; William I, King, 81–84, 87, 97–99, 100, 106, 108, 110, 112, 113, 117, 123, 132, 144, 148–50, 153; William II, 150, 152, 154; William III, 155
Wingewest, 156, 208
Wireless Telegraphy, 331, 418, 424
Women, in Java, 6*n*., 239, 243, 255, 420; in Burma, 6*n*., 239, 420
Woollen Goods, Duties, 105, 165

Youths' Movement, 255

Zeeland, 24

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